



## MARKET-LINKED PRODUCTS

# MOTIF CAPITAL ARTIFICIAL INTELLIGENCE 8 ER INDEX

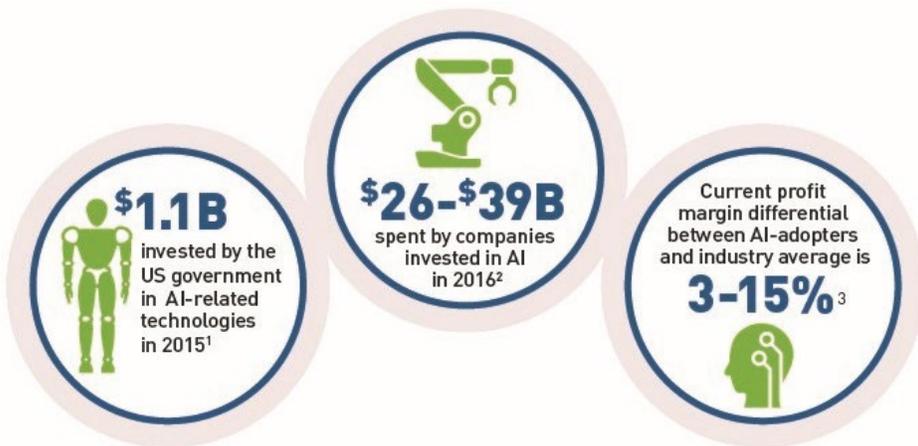
### Strategy Overview

The Motif Capital Artificial Intelligence 8 ER Index (the "Index") employs a theme-based investment strategy that is an underlier in a market-linked product. The Index:

- Provides exposure to stocks of certain companies that are concentrated in the technology sector that may benefit from the development of "Artificial Intelligence"
- Employs a disciplined, rules-based investing approach that annually selects and weights stocks of companies traded on U.S. exchanges (including American Depository Receipts) that meet certain criteria
- Aims to control risk daily by calculating the realized volatility of the base index of stocks over 20 business days, and if that exceeds 8%, a portion of the base index is rebalanced into a money market position sufficient to reduce the realized volatility for such period to the 8% target
- Is calculated on an excess return basis of the total return by measuring the extent to which the stocks and any money market position outperform a 3-month USD LIBOR plus 0.75% per annum servicing fee, accrued daily

### Why Artificial Intelligence Now?

Our world is becoming more and more automated as we are increasingly tasking new "smart" computer algorithms with critical decision-making. This idea that we can emulate human cognitive capabilities through artificial intelligence software is advancing all of AI's possibilities.



### Index Details

|                    |                                |
|--------------------|--------------------------------|
| Ticker:            | MCAIE Index                    |
| Ticker/RIC:        | MCAIE / .MCAIE                 |
| Index Sponsor:     | Motif Capital Management, Inc. |
| Calculation Agent: | Solactive AG                   |
| Index Type:        | Excess Return                  |
| Currency:          | USD                            |
| Index Components:  | 99 (as of 1/16/19)             |
| Volatility Target: | 8.00%                          |
| Index Base Date:   | June 1, 2016                   |
| Launch Date:       | October 30, 2018               |

We are providing to you this reference to the Solactive AG website (<https://www.solactive.com/indices/?index=DE000SLA6PU6>). This URL is a textual reference only and the information on the Solactive AG website is not incorporated by reference into, or a part of, any Incapital LLC materials. Incapital LLC disclaims all responsibility for the information on the Solactive AG website. Incapital LLC has not endorsed, approved or reviewed the information on the Solactive AG website. Solactive AG serves as the calculation agent for the Motif Capital Artificial Intelligence 8 ER Index. Motif Capital Management, Inc. is the sponsor of the Motif Capital Artificial Intelligence 8 ER Index. Securities offered through Incapital LLC, Member FINRA/SIPC. Incapital LLC is not affiliated with Solactive AG or Motif Capital Management, Inc.

### For More Information

Call 888.849.5732 or email [AdvisorSupport@incapital.com](mailto:AdvisorSupport@incapital.com)

## Top 10 Index Components

| TICKER | COMPANY                      |
|--------|------------------------------|
|        | Money Market Position        |
| BIDU   | BAIDU INC SPON ADR           |
| ADBE   | ADOBE INC                    |
| INTC   | INTEL CORP                   |
| BABA   | ALIBABA GROUP HOLDING SP ADR |
| MSFT   | MICROSOFT CORP               |
| NVDA   | NVIDIA CORP                  |
| SAP    | SAP AG SPONSORED ADR         |
| IBM    | INTL BUSINESS MACHINES CORP  |
| GOOGL  | ALPHABET INC A SHARES        |
|        | Money Market                 |

## Composition of Stocks by Sub-Industry\*



\*As of February 4, 2019. Composition of Stocks by Sector is 100% in Technology. The industry groups referenced above are categorized in the technology sector. Sector percentages relate only to the stocks that comprise the Index. The percentages above sum to 100% regardless of whether a portion of the Index has been allocated to the money market position. Historically, a very significant portion of the Index (up to approximately 79%) consistently has been allocated to the money market position.

## Building the Index – Using a Disciplined, Rules-Based Investment Process

### Constructing the Index

1. Identify US listed stocks and ADRs of companies which develop or use AI related products and services based on whether a company’s public filings contain search terms related to artificial intelligence and machine learning technology.
2. Determine each company’s exposure to the AI theme based on a thematic exposure score that quantifies how often a company discusses AI and related topics in public filings.
3. Calculate each company’s adjusted market capitalization by multiplying its market capitalization by its thematic exposure score. Create the portfolio by weighting each company relative to its adjusted market capitalization and by satisfying investability constraints.
  - Average Daily Dollar Volume over most recent 30-day period > \$1mm
  - Market capitalization > \$500mm
  - Closing stock price > \$1 at any point over last 30 days
  - Has > 60 days historical return data
4. Apply risk overlay and automatic rebalancing. On a daily basis, a volatility control overlay is applied. If the realized volatility of the base index basket over 20 business days exceeds the volatility cap of 8%, a portion of the base index basket will be rebalanced into a money market position sufficient to reduce volatility to the 8% target.
5. Calculate the value of the index. The Index Is calculated on an excess return basis of the total return by measuring the extent to which the stocks and any money market position outperform a 3-month USD LIBOR plus 0.75% servicing fee per annum, accrued daily.



## Why Thematic Investing?

The concept of thematic investing can offer investors exposure to macroeconomic themes and trends through carefully constructed portfolios – or Motifs. A Motif is a basket of stocks that is weighted to reflect an investment theme, market expectation, or innovative trend.

*“AI is already a key underlying capability that powers many key consumer and enterprise applications. From here, it could become even more pervasive.”*

- Motif Capital

<sup>1</sup> Motif Capital Management. Ghosh, Tuhin, Andes, Peter, Mok, Raymond, Ryan, Shannan, “Theme: Artificial Intelligence.”

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