

# BRAND VALUE INDEX FACT SHEET

as of 12/31/18



A benchmark to track companies whose intangible brand value has not been fully recognized by the U.S. markets.

## The Case for Brand Value

Companies with strong brand recognition occupy a place in consumers' minds. This mindshare represents an intangible value to a firm's bottom line.

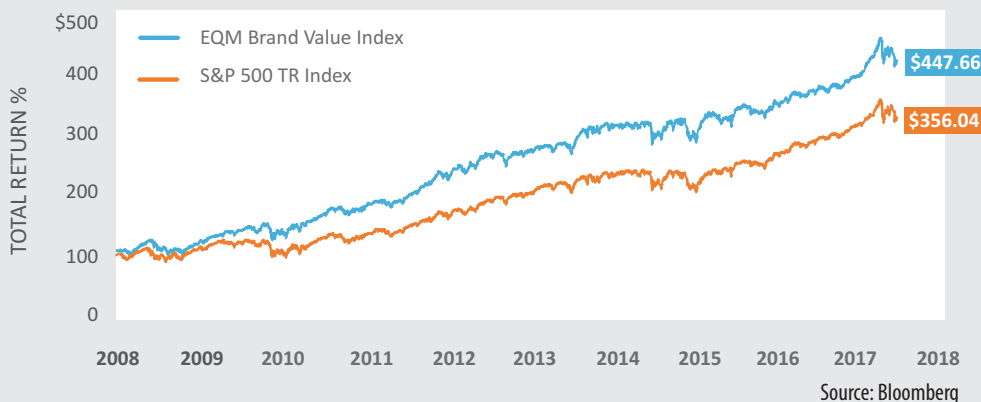
- 1. Gain Exposure to An Often-Missed Opportunity** - Brand value, as is an intangible asset, is currently not reported on financial statements. Investors may therefore overlook a potential disconnect between the underlying value of a brand and its share price.
- 2. A Strong Brand Translates to the Bottom Line** - Strong brands generate a reputational halo resulting in stakeholder loyalty. They also tend to have wide economic moats, giving them a distinct competitive advantage in the marketplace.
- 3. Intangible Assets are Growing** - The latest estimates indicate that U.S. companies have more than \$8 trillion in intangible assets, with the growth in intangible investments outpacing tangible assets. Firms are now investing more in non-physical assets such as customer databases, than building new factories.

<sup>1</sup> Source: The Wall Street Journal, "Accounting's 21st Century Challenge: How to Value Intangible Assets," March 21, 2016

## Index Backtest Results

### EQM Brand Value Index Simulated Performance History

12/31/2008 - 3/31/2018



**Disclosure:** Values between December 31, 2008, 2010 and March 31, 2018 have been calculated pursuant to a backtested methodology. Back-tested calculations are prepared with the benefit of hindsight and no hypothetical record can completely account for the impact of financial risk in actual trading. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index, or investment funds that are intended to track the performance of the Index, the imposition of which would cause actual and back-tested performance to be lower than the performance shown. Past performance of the Index is not an indication of future results. (See additional disclosure.)



## Overview

The **EQM Brand Value Index** utilizes a proprietary methodology that seeks to provide exposure to brand companies whose intangible brand assets have not been fully appreciated by the market. The index holds U.S. companies and U.S. exchange-traded ADRs with a minimum market capitalization of \$1 billion. The index methodology is rules-based and equally weights the top 50 companies exhibiting both a discount of brand and intangible asset value to market capitalization and a positive return on invested capital (ROIC).

<b>Ticker (s)</b>	.BVAL BVAL_IDX
<b>Inception Date</b>	6/1/18
<b>Index Calculation/ Publication</b>	Thomson Reuters
<b>Total # Holdings</b>	50
<b>Rebalance (September)</b>	Annually
<b>Weighting Scheme</b>	Equal weighting

### Licensing Information

## Brandometry

For information regarding the licensing of this index, contact Brandometry at [larry@brandometry.net](mailto:larry@brandometry.net).

Provided by EQM Indexes  
**Not investment advice or a recommendation to buy or sell securities. Investors may not invest directly in an index.**

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## Representative Constituents

For a complete list of holdings, go to [eqmindexes.com](http://eqmindexes.com).



Source: Bloomberg

	Index Wt %
1 STARBUCKS CORP (SBUX)	2.64
2 PROCTER & GAMBLE CO (PG)	2.53
3 MCDONALD'S CORP (MCD)	2.43
4 VERIZON COMMUNICATIONS INC (VZ)	2.35
5 COCA-COLA/THE (K)	2.33
6 HERSHEY CO (HSY)	2.32
7 CLOROX COMPANY (CLX)	2.30
8 INTEL CORP (INTC)	2.27
9 WALGREENS BOOTS ALLIANCE INC (WBA)	2.25
10 WALT DISNEY CO (DIS)	2.22

Inclusion of a security within the Index is not a recommendation by EQM Indexes to buy, sell, or hold such security, nor is it considered to be investment advice. EQM Indexes is not an investment advisor, and makes no representation regarding the advisability of investing in any such security.



## Constituent Requirements

In order to be eligible for inclusion in the index, companies must meet the following conditions:

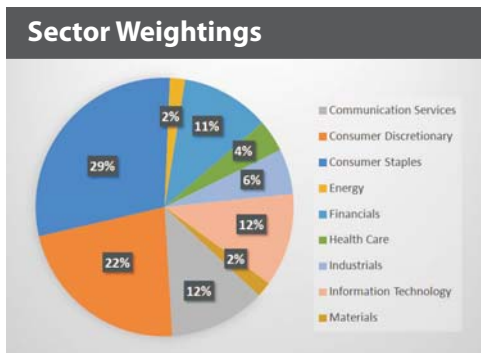
- Publicly traded US-listed stocks and US exchanged-traded ADRs, \$1 billion USD in market capitalization and above.
- Companies included in the Tenet Partners Brand Score universe as of the latest available period prior to the rebalance date. Brand Scores provided by Tenet Partners measuring brand familiarity, favorability, and innovation and are combined into a composite Brand Power Score ranked 0 to 100, with 100 being best.

- Familiarity** – measures awareness of the brand. Respondents are considered to be familiar with the brand if they state they know more than just the company name. Scores range from 0 to 100, with 100 being best.
- Favorability** – measures the perception of the brand based on how it performs across three key attributes: Overall Reputation, Perception of Management, and Investment Potential. Scores range from 0 to 100, with 100 being best.

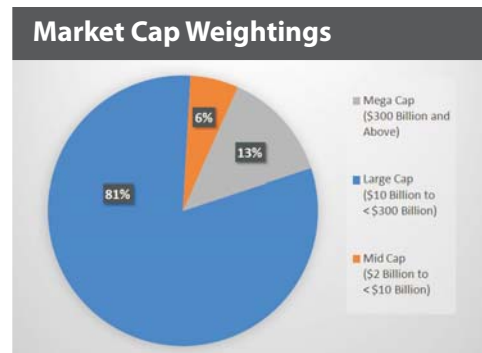
- Only companies with a Brand Power score of 60 and above AND a positive return on invested capital (ROIC) defined as the trailing 12-month net operating profit after tax divided by the average invested capital as of the latest filed (LF) period, are eligible for inclusion in the index.
- The year-over-year change in Brand Power Score is standardized by the year-over-year change in market capitalization as of the latest available quarter and the companies with the highest Brand Power Score to Market Capitalization ratio are selected for inclusion in the Index up to a maximum of 50 names.

## Portfolio Weightings

For Illustrative Purposes Only



Source: Bloomberg



Source: Bloomberg

## About EQM Indexes

EQM Indexes, LLC ("EQM Indexes") is a woman-owned firm dedicated to creating and supporting indexes that track growth industries and emerging investment themes. Co-founded by Jane Edmondson, a former Institutional Portfolio Manager with more than 25 years of investment industry experience, EQM Indexes' index designs spans a wide range of asset classes and financial instruments. EQM Indexes does not provide investment advice, nor offer the sale of securities, but does partner and receive compensation in connection with licensing its indices to third parties to serve as benchmarks for Exchange Traded Products ("ETPs"). All information provided by EQM Indexes is impersonal and not tailored to the needs of any person, entity or group of persons. It is not possible to invest directly in an index. EQM Indexes makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. Inclusion of a security within an index is not a recommendation by EQM Indexes to buy, sell, or hold such security, nor is it considered to be investment advice. While EQM Indexes has obtained information from sources believed to be reliable, EQM Indexes does not perform an audit or undertake any duty of due diligence or independent verification of any information it receives.

### Disclosure

The Standard & Poor's 500 TR Index ("S&P 500 TR Index") is an unmanaged index generally representative of the U.S. stock market, without regard to company size. Index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. Investors may not make direct investments into any index.

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