

# Magni Country Governance Index— All Country World ex US



BECAUSE COUNTRIES MATTER™

Magni Country Governance Index—All Country World ex US seeks to track the level of good governance in the countries Magni considers to be in the non-US investible universe. Research focuses on each country’s legal, regulatory, and economic infrastructure to assess the level of good governance. The research results in a score for each country which determines the country weights in the index.



## WHY IS COUNTRY GOVERNANCE IMPORTANT?

- 1. All countries are different—** All countries have different legal, regulatory, and economic infrastructures which affect the ability of companies to conduct business and be successful.
- 2. Governance controls the rules and regulations—** Companies must abide by government laws and regulations, while corporate governance is strongly influenced by these requirements. Company valuations are impacted by country governance, including the believability of the current financial statements, the projection of future earnings, and the risks to such projections.
- 3. Countries with good governance outperform—** The more honest and transparent a country is with its citizens, businesses, and investors, the more wealth is created in the country. Economic studies have shown that countries which have an open, honest, and transparent economy outperform those that do not.

## OVERVIEW

Ticker ..... MAGACWX  
 Inception Date ..... 4/28/17  
 Index Calculation/  
 Publication ..... INDXX  
 Holdings ..... Country-level ETFs  
 Holdings ..... 36  
 Rebalance ..... Semi-annually  
 (June/Dec)  
 Weighting Scheme ..... Modified,  
 Magni Country Score

## THE MAGNI DIFFERENCE—LOOKING BELOW THE SURFACE FOR THE BIG PICTURE

Traditional investment analysis focuses on historical comparisons and projections using reported company data but ignores the impact of differences between countries.

### Magni researches important information about how Countries Matter™

- Do financial statements accurately reflect a company’s position?
- Are shareholders protected and are there adequate controls?
- Can company leadership make decisions confidently...and without interference from a corrupt government?



## LICENSING INFORMATION

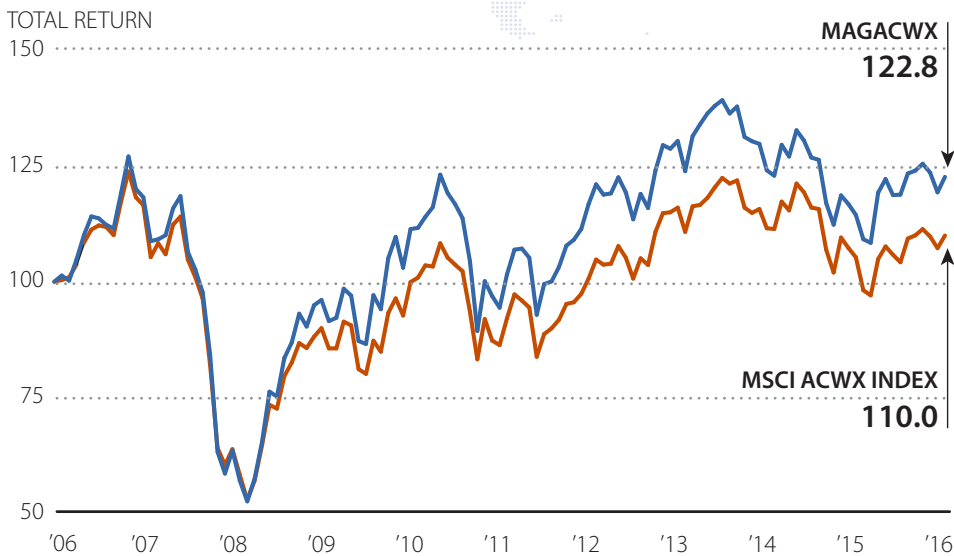
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## WHY MAGNI?

- 1. Long term research track record**—Magni's research database is based on Sustainable Wealth Creation principles and contains data on 280 Qualitative Sovereign Factors grouped into 12 Economic Standards and collected updated monthly over the past 16 years.
- 2. Repeatable process**—The research on the Qualitative Sovereign Factors is accumulated to determine a score for each Economic Standard and then combined into an overall Magni Country Score. The higher the country score, the greater the country weighting in the index.
- 3. Experienced Manager**—Magni has used this strategy to run Magni Model Portfolios since 2003 and to manage money for clients in Magni Global Portfolios since 2012.

## INDEX BACK-TEST RESULTS



Magni's index back-tested returns reflect results from 12/31/2006 to 12/31/2016 using country-level ETF index funds with at least \$50 million of assets and a tracking error of no more than 125 basis points as of 12/31/16. End of month prices were used. Weightings were rebalanced on a bi-annual basis based on Magni's Country Scores and the Country Selection Technique. Results do not include transaction costs or imputed commissions. The Magni Country Governance Index-ACWI ex US (MAGACWX) includes 36 countries considered to be in the Developed Markets outside the US and Canada. The MSCI ACWI captures large and mid-cap representation across 25 Developed Markets (DM) and 25 Emerging Markets (EM) countries.

## TOP 10 HOLDINGS

As of 12/31/17  
in alphabetical order

Australia  
Canada  
Denmark  
France  
Germany  
Netherlands  
Norway  
Spain  
Sweden  
United Kingdom

## CONSTITUENT REQUIREMENTS

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

- The country must be part of the non-US investible universe.
- A public security containing a representation of the equity market of the country; typically an ETF, must be available on a US exchange.
- Each ETF used in the index must:
  - Have a market capitalization of at least \$50 million USD
  - Have a tracking error no greater than 1.25%.

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