

# DESCRIPTION

## UC US SECTOR ROTATION STRATEGY INDEX

In the version of 15 September 2023

The "UC US Sector Rotation Strategy Index" (the "Index") (ISIN: DE000A3EUJZ0; WKN: A3EUJZ), developed and designed by UniCredit Bank AG or its legal successor (the "Index Sponsor"), is an index calculated by the Index Calculation Agent (Section 12) in EUR (the "Index Currency"), applying the rules ("Index Rules") outlined below.

### 1. General Description

The Index provides exposure to those sectors of the US stock market that are likely to best profit from different trends of the 10 Year Real US Interest Rate and hence the climate for business investments (the "Index Objective"). For this purpose, the sectors are grouped into two baskets (the "Baskets"):

- an investment-dampening business environment basket (the "Real Rates Up Basket") and
- an investment-stimulating business environment basket (the "Real Rates Down Basket").

In addition, at times the Index may provide exposure to an instrument representing the majority of the US stock market (the "Benchmark"). The Index will be calculated and published by the Index Calculation Agent. The Index will be regularly adjusted according to this Index Description.

The current Index value (the "Index Value") and the weights of the instruments will be published on each Trading Day on [www.onemarkets.eu](http://www.onemarkets.eu) or a successor website. The Index Value will also be published via Bloomberg: UCGRUSRS <Index> (or a successor page).

The index value on 1 Nov 2023 ("Index Start Date") is EUR 1,000 ("Initial Index Value").

### 2. The Instrument Universe

As of the Index Start Date, the instrument universe (the "Instrument Universe") consists of the following Exchange Traded Funds (ETFs) (the "Instruments") which are grouped to reflect an investment into the two different Baskets and the Benchmark:

	Instruments in the Real Rates Down Basket	Base Weight $w_i$	Bloomberg	Reuters
1	Invesco Financials S&P US Select Sector UCITS ETF	40%	XLFS LN Equity	XLFS.L
2	Invesco Consumer Discretionary S&P US Select Sector UCITS ETF	30%	XLYS LN Equity	XLYS.L
3	Invesco Energy S&P US Select Sector UCITS ETF	20%	XLCS LN Equity	XLCS.L
4	Invesco Materials S&P US Select Sector UCITS ETF	10%	XLBS LN Equity	XLBS.L
Instruments in the Real Rates Up Basket				
1	Invesco Technology S&P US Select Sector UCITS ETF	40%	XLKS LN Equity	XLKS.L
2	Invesco Health Care S&P US Select Sector UCITS ETF	30%	XLVS LN Equity	XLVS.L
3	Invesco Communications S&P US Select Sector UCITS ETF	20%	XLCS LN Equity	XLCS.L
4	Invesco Utilities S&P US Select Sector UCITS ETF	10%	XLUS LN Equity	XLUS.L
Benchmark				
	Invesco S&P 500 ACC UCITS ETF	100%	SPXS LN Equity	SPXS.L

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### 3. Definitions

"10Y Real Interest Rate"	<p>The 10 Year Real Constant Maturity Treasury Rate (R-CMT). Par real yields on Treasury Inflation Protected Securities (TIPS) at "constant maturity" are interpolated by the U.S. Treasury from Treasury's daily par real yield curve. These par real market yields are calculated from indicative secondary market quotations obtained by the Federal Reserve Bank of New York. The par real yield values are read from the par real yield curve at fixed maturities, currently 5, 7, 10, 20, and 30 years. This method provides a par real yield for a 10 Year maturity even if no outstanding security has exactly 10 years remaining to maturity.</p> <p>The value will be published on the website of the US Department of the Treasury <a href="https://home.treasury.gov">https://home.treasury.gov</a> or on Bloomberg under H15X10YR &lt;Index&gt;.</p>
"Instrument Fixing"	<p>As of the Index Start Date, the closing price of an Instrument on its respective Relevant Exchange.</p> <p>The Index Calculation Agent reserves the right to irreversibly change to the official net asset value per ETF Share ("NAV"), as published by the Management Company (or on its behalf) on data sources such as Bloomberg or Reuters, as the Instrument Fixing in its reasonable discretion (§ 315 BGB). If the Index Calculation Agent decides to do so, it will be announced on <a href="http://www.onemarkets.eu">www.onemarkets.eu</a> at least two weeks in advance.</p>
"FX Multiplier"	<p>For Instruments whose Instrument Fixing is not published in the Index Currency, the conversion rate into the Index Currency using the relevant Foreign Exchange Rate as published for the respective Trading Day. As of the Index Start Date the "Foreign Exchange Rate" is either (1) the BFIX London 4 pm FX fixing or (2) the WMR/Refinitiv FX fixing. The Index Calculation Agent will publish on <a href="http://www.onemarkets.eu">www.onemarkets.eu</a> which fixing (1) or (2) is used. If as of the Index Start Date fixing (2) is used the Index Calculation Agent reserves the right to change irreversibly to fixing (1) in its reasonable discretion (§ 315 BGB) and will announce this change on <a href="http://www.onemarkets.eu">www.onemarkets.eu</a> at least two weeks in advance. If as of the Index Start Date fixing (1) is used the Index Calculation Agent shall not have the right to change to fixing (2). If Bloomberg or WMR/Refinitiv, respectively, does not publish the fixing on such Trading Day, the Index Calculation Agent shall determine the relevant Foreign Exchange Rate in its reasonable discretion (§ 315 BGB).</p> <p>For Instruments whose Last Available Price is expressed in the Index Currency, the Foreign Exchange Multiplier is 1 (one).</p>
"Trading Day"	<p>Every day on which the Relevant Exchanges as well as the Relevant Derivatives Exchanges are scheduled to be open for business and the issuance and redemption of Fund Shares for all Instruments is usually possible according to the respective Fund Documents.</p>
"Calculation Moment"	<p>On every Trading Day, the moment immediately after the Relevant Exchanges as well as the Relevant Derivatives Exchanges have closed and the Foreign Exchange Rate has been published.</p>
"First Selection Day"	<p>31 Oct 2023 (will be denoted as <math>T_0</math>).</p>
"Selection Day"	<p>The last Trading Day of each month (denoted by <math>T_k</math>). Those Selection Days which lay before the First Selection Day (<math>k &lt; 0</math>) will be denoted as "Historic Selection Days".</p>
"Investment Period"	<p>Each period starting on a Selection Day and ending on the immediately following Selection Day.</p>
"First Adjustment Day"	<p>The Index Start Date.</p>

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"Adjustment Day"	The Trading Day immediately following the Selection Day, if <ol style="list-style-type: none"> <li>1. this Trading Day falls into the months February, May, August or November.</li> <li>2. for all other months: if there is a Need for Adjustment (as defined in Section 7) on the associated Selection Day.</li> </ol>
"Additional Adjustment Day"	If there is a Need for Adjustment (as defined in Section 7): the Trading Day immediately following an Adjustment Day.
"Adjustment Moment"	On an Adjustment Day or an Additional Adjustment Day, respectively, the moment immediately after the Relevant Exchanges as well as the Relevant Derivatives Exchanges have closed and the Foreign Exchange Rate has been published.

#### 4. Relevant Exchanges and Relevant Derivatives Exchanges

Relevant Exchange	Relevant Derivatives Exchange
London Stock Exchange	ICE Futures Europe
NYSE	CME
XETRA	EUREX

#### 5. Calculation of the Index

The Index Value  $I(t)$  at any time  $t$  is defined to be:

$$I(t) = \left( 1 - Fee \cdot \frac{t - t_{adj}^{pre}}{360} - \Delta_{t,t_{adj}} \cdot \frac{Fee_{adj}}{2} \right) \cdot \left( \sum_{i=1}^4 N_i^d \cdot FX_i^d(t) \cdot S_i^d(t) + \sum_{i=1}^4 N_i^u \cdot FX_i^u(t) \cdot S_i^u(t) + N_B \cdot FX_B(t) \cdot B(t) \right)$$

where

$N_i^d$	denotes the number of the $i$ -th Instrument units in the Real Rates Down Basket $i \in \{1, \dots, 4\}$
$N_i^u$	denotes the number of the $i$ -th Instrument units in the Real Rates Up Basket $i \in \{1, \dots, 4\}$
$N_B$	denotes the number of the Benchmark units
$FX_i^d(t)$	denotes the FX Multiplier for the $i$ -th Instrument in the Real Rates Down Basket $i \in \{1, \dots, 4\}$
$FX_i^u(t)$	denotes the FX Multiplier for the $i$ -th Instrument in the Real Rates Up Basket $i \in \{1, \dots, 4\}$
$FX_B(t)$	denotes the FX Multiplier for the Benchmark
$S_i^d(t)$	denotes the Available Price for the $i$ -th Instrument of the Real Rates Down Basket $i \in \{1, \dots, 4\}$
$S_i^u(t)$	denotes the Available Price for the $i$ -th Instrument of the Real Rates Up Basket $i \in \{1, \dots, 4\}$
$B(t)$	denotes the Available Price for the Benchmark
$Fee$	denotes the Index Fee of 1.35%
$t_{adj}$	denotes (the Adjustment Moment on) an Adjustment Day or an Additional Adjustment Day
$t_{adj}^{pre}$	denotes (the Adjustment Moment on) the immediately preceding Adjustment Day or the immediately preceding Additional Adjustment Day, depending on which one is more recent
$\Delta_{t,t_{adj}}$	denotes the indicator whether $t$ is an Adjustment Day or Additional Adjustment Day, i.e. $\Delta_{t,t_{adj}} = 1$ , if $t = t_{adj}$ , and $\Delta_{t,t_{adj}} = 0$ , if $t \neq t_{adj}$ .
$Fee_{adj}$	denotes the Adjustment Fee.

"Available Price" for any Instrument is defined as the Instrument Fixing for time ( $t$ ) as obtained by the Index Calculation Agent via information providers such as Bloomberg or Reuters, as long as no Market Disruption Event (as defined in section 10 below) has occurred.

The Index will be calculated for every Calculation Moment on every Trading Day (the associated index value is defined as "Index Closing Value"). For technical reasons, the Index Calculation Agent reserves the right to publish the Index Closing Value with a delay of up to two Trading Days.

The Index Value will be rounded up or down to two decimals, where 0.005 will be rounded up.

## 6. Adjustments

For each Adjustment Day the Index Calculation Agent calculates the Adjustment Fee and determines the new number of units of the Instruments using the following algorithm.

The Adjustment Fee is calculated before the Adjustment:

$$Fee_{adj} = 0.05\% \cdot \sum_{j \in \{u,d,B\}} |\omega_j - \omega_j^{pre}|$$

The number of units of the  $i$ -th Instrument in the respective Basket, and of the Benchmark, is calculated for the relevant Adjustment Moment  $t_{adj}$  as follows:

1. If there is no Need for Adjustment (as defined in Section 7), or for the First Adjustment Day:

$$N_i^{d_{new}} = \frac{\omega_i^d \cdot I(t_{adj})}{FX_i^d(t_{adj}) \cdot S_i^d(t_{adj})}, \quad i \in \{1, \dots, 4\} \text{ for the number of units of the Instruments in the Real Rates Down Basket}$$

$$N_i^{u_{new}} = \frac{\omega_i^u \cdot I(t_{adj})}{FX_i^u(t_{adj}) \cdot S_i^u(t_{adj})}, \quad i \in \{1, \dots, 4\} \text{ for the number of units of the Instruments in the Real Rates Up Basket}$$

$$N_B^{new} = \frac{\omega_B \cdot I(t_{adj})}{FX_B(t_{adj}) \cdot B(t_{adj})} \text{ for the number of units of the Benchmark,}$$

2. If there is Need for Adjustment (as defined in Section 7):

$$N_i^{d_{new}} = \frac{1}{2} \cdot \left( \frac{\omega_i^d \cdot I(t_{adj})}{FX_i^d(t_{adj}) \cdot S_i^d(t_{adj})} + \left( 1 - Fee \cdot \frac{t_{adj} - t_{adj}^{pre}}{360} - \frac{Fee_{adj}}{2} \right) \cdot N_i^d \right), \quad i \in \{1, \dots, 4\} \text{ for the number of units of the Instruments in the Real Rates Down Basket}$$

$$N_i^{u_{new}} = \frac{1}{2} \cdot \left( \frac{\omega_i^u \cdot I(t_{adj})}{FX_i^u(t_{adj}) \cdot S_i^u(t_{adj})} + \left( 1 - Fee \cdot \frac{t_{adj} - t_{adj}^{pre}}{360} - \frac{Fee_{adj}}{2} \right) \cdot N_i^u \right), \quad i \in \{1, \dots, 4\} \text{ for the number of units of the Instruments in the Real Rates Up Basket}$$

$$N_B^{new} = \frac{1}{2} \cdot \left( \frac{\omega_B \cdot I(t_{adj})}{FX_B(t_{adj}) \cdot B(t_{adj})} + \left( 1 - Fee \cdot \frac{t_{adj} - t_{adj}^{pre}}{360} - \frac{Fee_{adj}}{2} \right) \cdot N_B \right) \text{ for the number of units of the Benchmark}$$

where

$I(t_{adj})$	denotes the value of the Index at the relevant Adjustment Moment ( $t_{adj}$ )
$N_i^{d_{new}}$	denotes the number of units of the $i$ -th Instrument in the Real Rates Down Basket immediately after the relevant Adjustment Moment ( $t_{adj}$ )
$N_i^{u_{new}}$	denotes the number of units of the $i$ -th Instrument in the Real Rates Up Basket immediately after the relevant Adjustment Moment ( $t_{adj}$ )
$N_B^{new}$	denotes the number of units of the Benchmark immediately after the relevant Adjustment Moment ( $t_{adj}$ )

$\omega_i^d$	denotes the Target Weight of the $i$ -th Instrument in the Real Rates Down Basket as determined on the respective Selection Day, i.e. $T_k$
$\omega_i^u$	denotes the Target Weight of the $i$ -th Instrument in the Real Rates Up Basket as determined on the respective Selection Day, i.e. $T_k$
$\omega_B$	denotes the Target Weight of the Benchmark as determined on the respective Selection Day, i.e. $\omega_B$
$\omega_d^{pre}$	denotes the Target Weight of the Real Rates Down Basket as determined on the previous Selection Day, i.e. $T_{k-1}$
$\omega_u^{pre}$	denotes the Target Weight of the Real Rates Up Basket as determined on the previous Selection Day, i.e. $T_{k-1}$
$\omega_B^{pre}$	denotes the target weight of the Benchmark as determined on the previous Selection Day, i.e. $T_{k-1}$

The number of units  $N_i^{dnew}$ ,  $N_i^{u_{new}}$  and  $N_B^{new}$  are rounded to 8 decimal places according to common market practice. The superscript "new" will be dropped after the completion of the Adjustment.

Moreover, on each Additional Adjustment Day, the Index Calculation Agent further determines the new number of units of the Instruments using the following algorithm.

The number of units of the  $i$ -th Instrument in the respective Basket, and of the Benchmark, is calculated for the relevant Adjustment Moment  $t_{adj}$  as follows:

$$N_i^{dnew} = \frac{\omega_i^d \cdot I(t_{adj})}{FX_i^d(t_{adj}) \cdot S_i^d(t_{adj})}, \quad i \in \{1, \dots, 4\} \text{ for the number of units of the Instruments in the Real Rates Down Basket}$$

$$N_i^{u_{new}} = \frac{\omega_i^u \cdot I(t_{adj})}{FX_i^u(t_{adj}) \cdot S_i^u(t_{adj})}, \quad i \in \{1, \dots, 4\} \text{ for the number of units of the Instruments in the Real Rates Up Basket}$$

$$N_B^{new} = \frac{\omega_B \cdot I(t_{adj})}{FX_B(t_{adj}) \cdot B(t_{adj})} \text{ for the number of units of the Benchmark.}$$

The number of units  $N_i^{dnew}$ ,  $N_i^{u_{new}}$  and  $N_B^{new}$  are rounded to 8 decimal places according to common market practice. The superscript "new" will be dropped after the completion of the Adjustment.

On the First Adjustment Day,  $I(t_{adj})$  equals the Initial Index Value.

## 7. Signal Generation

The Target Weights are determined on each Selection Day  $T_k$  at the Calculation Moment on the basis of a Real Rate Signal and a Feedback Signal. To do so, the Real Rate Target Weight (as defined in Section 8) and the Feedback Target Weight (as defined in Section 9) will be added, such that (depending on the Real Rate Signal and the Feedback Signal) the following Target Weights are obtained:

Real Rate Signal	Feedback Signal	Target Weight Real Rates Down Basket, $\omega_d$	Target Weight Real Rates Up Basket, $\omega_u$	Target Weight Benchmark, $\omega_B$
Real Rates Down Basket	Real Rates Down Basket	100%	0%	0%
Real Rates Down Basket	Benchmark	50%	0%	50%
Real Rates Down Basket	Real Rates Up Basket	50%	50%	0%
Real Rates Up Basket	Real Rates Down Basket	50%	50%	0%
Real Rates Up Basket	Benchmark	0%	50%	50%
Real Rates Up Basket	Real Rates Up Basket	0%	100%	0%

The Target Weights of the Instruments of the Real Rates Down Basket and the Real Rates Up Basket, respectively, will be calculated by rescaling the Base Weights of the Instruments with the Target Weights of the respective Baskets as follows:

$$\omega_i^d := w_i \cdot \omega_d \quad \text{Target Weight of the } i\text{-th Instrument of the Real Rates Down Basket}$$

$$\omega_i^u := w_i \cdot \omega_u \quad \text{Target Weight of the } i\text{-th Instrument of the Real Rates Up Basket}$$

where  $w_i$  denotes the respective Base Weight of the  $i$ -th Instrument as defined in Section 2, and  $\omega_d$  and  $\omega_u$  are the Target Weights of the Real Rates Down Basket and the Real Rates Up Basket, respectively, as defined above.

There is a need for adjustment (the "Need for Adjustment") if the newly determined Target Weights of the Real Rates Down Basket, the Real Rates Up Basket or the Benchmark on the Selection Day  $T_k$  deviate from the respective Target Weights determined on the immediately preceding Selection Day  $T_{k-1}$ .

Between two Adjustment Days, the actual weights of the instruments in the Index may vary according to the price changes of the instruments. If there is no need for adjustment on the Selection Day, the actual weights will be continued accordingly.

## 8. Real Rate Signal

An uptrend is identified if at time  $T_k$  the 10Y Real Interest Rate  $IR(T_k)$  has risen for three consecutive months:

$$IR(T_k) \geq IR(T_{k-1}) \geq IR(T_{k-2}) \geq IR(T_{k-3}) \quad \text{where } IR(T_k) > IR(T_{k-3}) .$$

A turning point for the beginning of an uptrend is defined as the third month of an uptrend after a previous downtrend. At such a turning point, the Real Rate signal will assign a Real Rate Target Weight of 50% to the Real Rates Up Basket.

A downtrend is identified if at time  $T_k$  the 10Y Real Interest Rate  $IR(T_k)$  has fallen for three consecutive months:

$$IR(T_k) \leq IR(T_{k-1}) \leq IR(T_{k-2}) \leq IR(T_{k-3}) \quad \text{where } IR(T_k) < IR(T_{k-3}) .$$

A turning point for the beginning of a downtrend is defined as the third month of a downtrend after a previous uptrend. At such a turning point, the Real Rate signal will assign a Real Rate Target Weight of 50% to the Real Rates Down Basket.

If the Real Rate signal does not indicate a turning point, the allocation that was derived from the last turning point remains unchanged.

If on the first Selection Day  $T_0$  the Real Rate signal does not indicate a turning point, the Real Rate signal on the (historical) Selection Days  $T_h$ ,  $h = -1, -2, \dots$ , starting at  $h = -1$ , is determined until a turning point is found. This turning point is then considered to be determining the Real Rate Target Weight on the first Selection Day.

## 9. Feedback Signal

On the Selection Day  $T_k$ , the average performances of the Real Rates Down Basket, the Real Rates Up Basket and the Benchmark over the preceding three Investment Periods are calculated, and the three values are compared:

$$R_d = \frac{1}{3} \sum_{j=k-2}^k \cdot \sum_{i=1}^4 w_i \cdot \left( \frac{S_i^d(T_j)}{S_i^d(T_{j-1})} - 1 \right)$$

$$R_u = \frac{1}{3} \sum_{j=k-2}^k \cdot \sum_{i=1}^4 w_i \cdot \left( \frac{S_i^u(T_j)}{S_i^u(T_{j-1})} - 1 \right)$$

$$R_B = \frac{1}{3} \sum_{j=k-2}^k \left( \frac{B(T_j)}{B(T_{j-1})} - 1 \right)$$

Here,  $w_i$  is the Base Weight of the  $i$ -th Instrument as defined in Section 2, and  $T_k$  refers to the Calculation Moment at the respective (possibly Historic) Selection Day  $T_k$ .

The Feedback Signal derived from these performance figures allocates as follows:

If  $\max\{R_d, R_u, R_B\} = R_d$ , the Feedback Signal allocates a Feedback Target Weight of 50% to the Real Rates Down Basket.

If  $\max\{R_d, R_u, R_B\} = R_u$ , the Feedback Signal allocates a Feedback Target Weight of 50% to the Real Rates Up Basket.

If  $\max\{R_d, R_u, R_B\} = R_B$ , or if no unique maximum can be determined, the Feedback Signal allocates a Feedback Target Weight of 50% to the Benchmark.

## 10. Market Disruption

### 10.1. Reweighting

In case a Market Disruption occurs or exists on an Adjustment Day or Additional Adjustment Day, the respective Adjustment Day or Additional Adjustment Day is postponed to the next Trading Day on which the Market Disruption no longer exists. If a Market Disruption exists for five (5) consecutive Trading Days, (i) the fifth Trading Day is deemed to be the Adjustment Day or Additional Adjustment Day and (ii) the reweighting according to section 6 is implemented in such a way that the number of units of the Instrument affected by the Market Disruption remains unchanged in comparison with the respective previous Adjustment Day or Additional Adjustment Day. If the unchanged number of units of the respective Instrument affected by the Market Disruption is lower than the number of units that would have been implemented on the Adjustment Day or Additional Adjustment Day in the absence of the Market Disruption, the number of units of all other remaining Instruments shall be increased proportionally. However, if the unchanged number of units of the respective Instrument affected by the Market Disruption is higher than the number of units that would have been implemented on the Adjustment Day or Additional Adjustment Day in the absence of the Market Disruption, the remaining number of units of all other Instruments shall be reduced proportionally. In case of circumstances which make it impossible to execute these adjustments the Index Calculation Agent shall calculate the number of units of Instruments in its reasonable discretion (§ 315 BGB) in such a way that the pursuance of the Index Objective remains unchanged to the greatest possible extent.

### 10.2. Index Value

If an Instrument is affected by a Market Disruption on any Trading Day and the Market Disruption continues at the Calculation Moment, the last available Instrument Fixing before the Market Disruption is used for the calculation of the Index Value.

If this Instrument Fixing is not consistent with the prevailing market conditions or not suitable for any other reason, the reasonable Instrument Fixing of the Instrument in accordance with the prevailing market conditions is used. Such Instrument Fixing shall be determined by the Index Calculation Agent in its reasonable discretion (§ 315 BGB).

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### 10.3. Definition of the Market Disruption

A market disruption (a "Market Disruption") exists if and as long as any Instrument is affected by a Market Disruption Event.

"Market Disruption Event" means any of the following events:

- (a) the failure of the Relevant Exchange to open for trading during its regular trading hours;
- (b) the suspension or restriction of trading of the Instrument or the constituents of a basis index on the Relevant Exchange due to price movements exceeding the limits of the Relevant Exchange or for any other reason;
- (c) the suspension or restriction of trading in a derivative on the Instrument on the Relevant Derivatives Exchange due to price movements exceeding the limits of the Relevant Derivatives Exchange or for any other reason;
- (d) the suspension or restriction of trading in ETFs or securities (e.g. Index Tracker Certificates), which track the respective Instrument, on the exchanges or the markets, on which these ETFs or securities are traded, or on the derivative exchanges or the markets, on which derivatives on these ETFs are traded, due to price movements exceeding the limits of the respective exchange or derivative exchanges respectively the operator of these markets, or for any other reason;
- (e) the failure to calculate or the non-publication of the calculation of the NAV or price of the Instrument by the entity that is responsible for the calculation and/or publication of its NAV (for ETFs) respectively value;
- (f) the hedging party is not able to subscribe for or redeem ETF shares on a Trading Day due to but not limited to the temporary suspension or restriction of the redemption or issuance of Fund Shares at the NAV;

to the extent that such Market Disruption Event is material; whether this is the case shall be determined by the Index Calculation Agent in its reasonable discretion (§ 315 BGB).

### 11. Extraordinary Adjustment

If pursuing the Index Objective requires a change in the Index Rules due to (i) a significant change in the relevant regulatory or legal framework or taxation, (ii) a significant change in case law, or (iii) substantially changed market circumstances, the Index Sponsor shall amend the Index Rules in its reasonable discretion (§ 315 BGB) in such a way that a substantially unchanged pursuance of the Index Objective remains possible. Such a change in the Index Rules shall not have a significant adverse effect on the economic position of the holders of financial products linked to the Index.

In the case of a Fund Event, the affected Instruments are replaced by constituents of an economically equivalent asset class and/or investment strategy if pursuing the Index Objective is significantly affected by the Fund Event. This substitution is carried out by the Index Sponsor in its reasonable discretion (§ 315 BGB). In this context particularly after the occurrence of a Fund Event each of the ETFs affected by the Fund Event can be replaced by an ETF of a comparable asset class, by its benchmark or by a certificate or an index representing a comparable investment strategy to the ETF affected by the Fund Event ("Replacement Instrument"). The economic position of the holders of financial products linked to the Index shall not be substantially deteriorated by the measures described in this paragraph. If the Index Sponsor designates a Replacement Instrument, every reference to the respective Instrument in this description shall be a reference to the Replacement Instrument, unless the context requires otherwise. Should the ETF be replaced by an index and an Index Event occurs in respect of such index, the affected index is replaced by a constituent of an economically equivalent asset class and/or investment strategy if pursuing the Index Objective is significantly affected by the Index Event. This substitution is carried out by the Index Sponsor in its reasonable discretion (§ 315 BGB). The economic position of the holders of financial products linked to the Index shall not be substantially deteriorated by the measures described in this paragraph.

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“Fund Event” means with respect to an Instrument that is an ETF any of the following events; the occurrence of any such event being determined by the Index Calculation Agent in its reasonable discretion (§ 315 BGB):

- (a) a material change with respect to (i) the risk profile of the ETF shares or the ETF, (ii) the investment objectives or investment strategy or investment restrictions of the ETF, (iii) the method of calculating the NAV;
- (b) (i) the withdrawal of voting rights regarding the ETF shares or the ETF or (ii) the exclusion of the right of the ETF shares to participate in the performance of the ETF's assets;
- (c) (i) the restriction of the issuance of further ETF shares or the redemption of existing ETF shares or the announcement of such restriction or another non-execution or (ii) a change regarding the timetable for the subscription or issue, redemption and/or transfer of the ETF shares;
- (d) the Management Company discontinues its services for the ETF or loses its required licence, registration, approval or authorisation to manage the ETF and is not immediately replaced by another Management Company;
- (e) changes in the distribution policy of the ETF which could have a substantial negative effect on the amount of the distributions per ETF share as well as distributions which diverge significantly from the ETF's normal distribution policy to date;
- (f) the creation of so-called side pockets for segregated assets;
- (g) a material breach by the ETF or the Management Company of (i) the investment objectives, the investment strategy or the investment restrictions of the ETF (as described in the Fund Documents), (ii) statutory or regulatory publication requirements, or (iii) other material duties regarding the Fund Documents;
- (h) a material change in the legal, accounting, tax or regulatory treatment of the ETF or of the Management Company with adverse effects to the investor or hedging party holding the securities;
- (i) the suspension, cancellation, revocation, discontinuation or absence of the required licence, registration or distribution authorisation of the Fund or the Management Company;
- (j) investigatory proceedings relating to the activities of the ETF, the Fund Management or the Management Company by the supervisory authorities, or by a court as a result of a presumed misconduct, a presumed violation of the law or for similar reasons;
- (k) due to circumstances for which the Index Sponsor is not responsible, the Index Sponsor is no longer able to use the ETF as the basis for the calculation, determination and publication of the Index;
- (l) the discontinuation or a delay lasting more than 8 Trading Days of the publication of the NAV as scheduled or customary;
- (m) the NAV of the ETF is no longer published in the currency in which the ETF shares are traded on the Relevant Exchange;
- (n) payments in respect of a redemption of ETF shares being made wholly or partly in kind or not wholly in cash by no later than the date on which, according to the Fund Documents, a full payment in cash is normally to be made;
- (o) (i) an order or valid resolution for a winding-up and/or liquidation or an event with similar effects in relation to the ETF or the ETF shares, (ii) the initiation of composition, bankruptcy or insolvency proceedings in relation to the ETF, (iii) a requirement to transfer all the ETF shares to a trustee, liquidator, insolvency administrator or similar office-holder or (iv) transfers of the ETF shares by the shareholders are legally prohibited;
- (p) a nationalisation of the ETF or the ETF shares to the extent that the ETF is thereby affected;
- (q) the quotation of the ETF on the Relevant Exchange is discontinued and no Replacement Exchange can be determined;

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- (r) fees, premiums, discounts, charges, commissions or taxes are levied for the issue or redemption of ETF shares, which result in the purchase of ETF shares at a higher value by 0.1% or, respectively, the redemption of ETF Shares at a lower value by 0.1% than the NAV;
  - (s) a change in law occurs;
  - (t) an Index Event in relation to the ETF's benchmark index (the "ETF Benchmark Index");
  - (u) (i) the permanent delisting of any derivatives relating to the ETF, the ETF Benchmark Index or any index that differs from the ETF Benchmark Index solely in the treatment of dividends, interest or distributions or the calculation currency if no replacement derivatives exchange can be determined or (ii) the early termination of derivatives relating to the ETF, the ETF Benchmark Index or an index which differs from the ETF Benchmark Index only in the method of treatment of dividends, interest or distributions or the calculation currency by the Relevant Derivatives Exchange;
  - (v) an event or circumstance relating to an ETF that gives rise to the reasonable expectation that one or more ETFs become subject to a reporting or withholding tax (including a withholding tax on dividend-equivalent payments under Section 871(m) of the United States Internal Revenue Code of 1986, as amended), duty or governmental fee within the next 30 Trading Days;

where:

"Fund Documents" means, with respect to an ETF, if any, irrespective of the actual designation and in each case in the respective valid version, the prospectus, the investment conditions, the articles of association or memorandum and all other documents of the ETF which specify the terms and conditions of the ETF and the ETF shares.

"Fund Management" means, with respect to an ETF, the persons responsible for the portfolio and/or risk management of the ETF.

"Management Company" means, with respect to an ETF, the Management Company as specified in the Fund Documents of the ETF. If the ETF specifies another person, company or institution as the Management Company of the ETF, each and every reference to the Management Company in this Index Description shall be deemed, depending on the context, to refer to the new Management Company.

"Index Event" means with respect to an Instrument that is an index (each such a "Base Index") any of the following events; the occurrence of any such event being determined by the Index Calculation Agent in its reasonable discretion (§ 315 BGB):

- a) the calculation or publication of the Base Index is discontinued; or the Base Index is replaced;
- b) a change of the index concept or the calculation methodology of the Base Index, that result in a new index concept or calculation methodology being no longer economically equivalent to the original index concept or calculation methodology;
- c) any other event that could have a noticeable adverse effect on the Base Index Value.

## 12. Index Sponsor, Index Calculation Agent

The Index Sponsor has assigned all rights and duties with regard to the calculation of the Index to the Index Calculation Agent. UniCredit Bank AG, Munich, or any legal successor is the Index Calculation Agent (the "Index Calculation Agent"). Moreover, the Index Sponsor is at any time authorized to select in its reasonable discretion (§ 315 BGB) a new Index Calculation Agent (the "New Index Calculation Agent"), whereas each reference in this description to the Index Calculation Agent shall be deemed as a reference to the New Index Calculation Agent.

## 13. Disclaimer

The Index exists exclusively in the form of data sets and does not convey any direct or indirect or legal or beneficial interest or ownership in the Instruments. Any action specified above in respect of the Index shall be effected solely on a theoretical basis by an amendment to such data. Neither institutions issuing financial instruments linked to

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the Index nor the Index Calculation Agent nor the Index Sponsor are obliged to actually invest or hold an interest in the Instruments directly or indirectly.

The calculation and composition of the Index as well as the calculation of the Index Value and the weights of the Instruments will be performed by the Index Calculation Agent with all due care. The Index Sponsor and the Index Calculation Agent exclude any liability except in the event of willful misconduct or gross negligence on their part in connection with the calculation or composition of the Index or its other relevant parameters. Neither the Index Sponsor nor the Index Calculation Agent give any representation or guarantee for the correctness of the market data or other third party information used for the calculations for the Index. Neither the Index Sponsor nor the Index Calculation Agent assume any liability for any direct or indirect damage which may result from an incorrect calculation of the market data or other third party information used for the calculation of the Index Value.

Neither the Index Sponsor nor any person related to the Index has the function of a trustee or advisor towards the holders of financial instruments linked to the Index.

#### 14. Invalid Provisions

Should any provision of this index description be or become invalid or unenforceable in whole or in part, the remaining provisions are not affected thereby.

#### 15. Applicable Law

This index description is governed by German Law.