



Guideline relating to the

Europe Qualité Rendement Index

Version 1.1 dated September 21<sup>st</sup>, 2017

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This document contains the underlying principles and regulations regarding the structure and the operating of the Europe Qualité Rendement. Solactive AG shall make every effort to implement regulations. Solactive AG does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the Underlying Strategy Basket nor the Underlying Strategy Basket value at any certain point in time nor in any other respect. The Europe Qualité Rendement is the sole property of Solactive AG. Solactive AG strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for Solactive AG – irrespective of possible obligations to issuers – to advise third parties, including investors and/or financial intermediaries, of any errors in the Underlying Strategy Basket. The calculation and publication of the Underlying Strategy Basket by Solactive AG is no recommendation for capital investment and does not contain any assurance or opinion of Solactive AG regarding a possible investment in a financial instrument based on this Underlying Strategy Basket.

## **Introduction**

This document is to be used as a guideline with regard to the composition, calculation and management of the Europe Qualité Rendement. Any changes made to the guideline are initiated by the Committee specified in section 1.6. The Europe Qualité Rendement is the sole property of Solactive AG. The Europe Qualité Rendement is calculated and published by Solactive AG. The name “Solactive” is copyrighted.

### **1 Underlying Strategy Basket specifications**

The Europe Qualité Rendement is a currency hedged version (hedged in Euro) of the Intermediate Euro Level (the “Underlying Strategy Basket”). Detailed information regarding the Intermediate Euro Level can be found starting page 8 of this document. The same disclaimers and legal information apply as for the Europe Qualité Rendement.

#### **1.1 Name and ISIN**

The Europe Qualité Rendement is distributed under ISIN DE000SLA7HD7; the WKN is SLA7HD and is published on Reuters under the code .EQR and on Bloomberg under the ticker EQR Index. The Underlying Strategy Basket is published in Reuters under the code .INDEUI and in Bloomberg under the ticker INDEUI Index.

#### **1.2 Initial value**

The Underlying Strategy Basket is calculated every Business Day 6:30 pm CET.

#### **1.3 Distribution**

The Europe Qualité Rendement is published via the price marketing services of Boerse Stuttgart AG and is distributed to all affiliated vendors.

#### **1.4 Prices and calculation frequency**

The Europe Qualité Rendement is calculated based on the value of the Underlying Strategy Basket translated using spot and forward foreign exchange rates sourced by WM Company for the closing level. The Underlying Strategy Basket is calculated and distributed every Business Day. In the event that data cannot be provided or that there are troubles regarding the price marketing of Solactive AG the Underlying Strategy Basket cannot be distributed.

#### **1.5 Weighting**

The Underlying Strategy Basket only consists of the underlying components of the Intermediate Euro Level.

The weighting methodology may be amended by the Committee if required due to legal framework.

#### **1.6 Decision-making bodies**

A Committee composed of Solactive AG employees is responsible for decisions regarding the composition of the Europe Qualité Rendement as well as any amendments to the rules (hereinafter referred to as the “**Committee**” or the “**Underlying Strategy Basket Committee**”). The Committee will also decide about the future composition of the Europe Qualité Rendement if any extraordinary event (see chapter 2.3) occurs and the implementation of any necessary adjustments.

Members of the Committee can recommend at any time changes to the composition of the Underlying Strategy Basket or to the guideline and submit them to the Committee for approval.

### **1.7 Publication**

All specifications and information relevant for calculating the Underlying Strategy Basket are made available on the <http://www.solactive.com> web pages and sub-pages.

### **1.8 Historical data**

Historical data will be made available upon request.

### **1.9 Licensing**

Licenses to use the Underlying Strategy Basket as the underlying value for derivative instruments are issued to stock exchanges, banks, financial services providers and investment houses by Solactive AG.

## 2 Calculation of the Europe Qualité Rendement

### 2.1 Europe Qualité Rendement formula

The Europe Qualité Rendement is an Index whose value reflects the value of the EUR currency hedge on a monthly basis of the Underlying Strategy Basket.

As a formula:

There are two components to the Index return:

- The performance of the Underlying Strategy Basket determined in the Underlying Strategy Basket Currency
- The Hedge Index Level (aimed to represent the gain or loss on the Currency Hedging Strategy), also denominated in the Underlying Strategy Basket Currency

The Index is, in respect of any Calculation Date (t), determined by the Calculation Agent subject to the occurrence of an Underlying Strategy Basket Disruption Event in accordance with the following formula:

$$IL(t) = IL(t_{(-1)}) \times \left[ \frac{UI(t)}{UI(t_{(-1)})} + HI(t) \right]$$

with,

IL(t) is the value of the Europe Qualité Rendement on Calculation Date t.

IL(0) = 1,000 (as of the Underlying Strategy Basket Launch Date)

“UI”, Underlying Strategy Basket is the Intermediate Euro Level calculated in EUR.

“Hedge Index, “HI(t)” means in respect of a Calculation Date (t), the percentage representing the performance impact of hedging the exposure to each Underlying Strategy Basket Component Base Currency relative to the Underlying Strategy Basket Currency as of such Calculation Date (t);

The Hedge Index, expressed in percent, is determined as follows:

$$HI(t) = NAF(t) \times \sum_{i=1}^{N(t)} w_i(t_{(-1)} - 3) \times FX_i(t_{(-1)} - 3) \times \left( \frac{1}{F_i(t_{(-1)})} - \frac{1}{FFX_i(t)} \right)$$

With:

$$FFX_i(t) = FX_i(t) + \frac{ACT(t, t_{(+1)})}{ACT(t_{(-1)}, t_{(+1)})} \times (F_i(t) - FX_i(t))$$

“ACT(t, t<sub>(+1)</sub>)” means the number of calendar days between the Calculation Date (t) (excluded) and the Calculation Date (t<sub>(+1)</sub>) (included);

“ACT(t<sub>(-1)</sub>, t<sub>(+1)</sub>)” means the number of calendar days between the Calculation Date (t<sub>(-1)</sub>) (excluded) and the Calculation Date (t<sub>(+1)</sub>) (included);

“NAF(t)” or “Notional Adjustment Factor” means in respect of any Calculation Date (t), a notional adjustment factor determined as follows:

$$NAF(t) = \frac{UI(t_{(-1)} - 3)}{UI(t_{(-1)})}$$

“**UI**”, Underlying Strategy Basket is the Intermediate Euro Level calculated in EUR.

“ $t_{(-1)} - 3$ ” means in respect of Calculation Date (t), the third Scheduled Calculation Date preceding the FX Rebalancing Date immediately preceding such Underlying Strategy Basket Calculation Date (excluded);

“ $t_{(+1)}$ ” means in respect of Index Calculation Date (t), the FX Rebalancing Date immediately following such Index Calculation Date (included). For the avoidance of doubt, if (t) is a FX Rebalancing Date,  $t_{(+1)}$  shall be identical to (t);

“**One-month Forward Foreign Exchange Rate**”, “ $F_i(t)$ ” means in respect of an Underlying Underlying Strategy Basket Component (i) and Calculation Date (t), the one-month forward exchange closing rate to convert the Underlying Strategy Basket Currency into the Underlying Strategy Basket Component Base Currency of such Underlying Underlying Strategy Basket Component (i) as of such Calculation Date (t), as published by the WM Company, or any successor thereto;

“**Foreign Exchange Rate**”, “ $FX_i(t)$ ” means in respect of Underlying Strategy Basket Component (i) , and a Calculation Date (t), the closing spot exchange rate as published by the WM Company;

## 2.2 Accuracy

The value of the Underlying Strategy Basket will be rounded to two decimal places.

## 3 Definitions

“**Index Level**” is the value of the Europe Qualité Rendement on Calculation Date t.

“**Underlying Strategy Basket**” is the Intermediate Euro Level calculated in EUR.

“**Index Rebalancing Date**” means the 10<sup>th</sup> Scheduled Calculation Date of each month;

“**Index Review Date**” means the 7<sup>th</sup> Scheduled Calculation Date of each month;

The “**Weight**” of each currency is determined at the Reference Date and is calculated as the sum of the weights of each Underlying Underlying Strategy Basket component denominating in the same currency.

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

The “**Underlying Strategy Basket Currency**” is EUR.

“**Underlying Underlying Strategy Basket Component Base Currency**” means in respect of an Underlying Underlying Strategy Basket Component (i), the currency in which such Underlying Strategy Basket Component is quoted, as determined by the Underlying Strategy Basket Calculation Agent;

“**Underlying Strategy Basket Advisor**”, means Société Générale (“**SG**”);

“**Underlying Strategy Basket Component Weight**” or “ $w_i(t_{(-1)} - 3)$ ” means in respect of Underlying Strategy Basket Component (i) and Underlying Strategy Basket Calculation Date (t):

- If Calculation Date  $t_{(-1)}-3$  falls on the same month as a First Underlying Strategy Basket Rebalancing Date: the weight in percentage of such Underlying Strategy Basket Component (i) as determined on the Underlying Strategy Basket Review Date immediately preceding such Calculation Date  $t_{(-1)}-3$  (included) pursuant to the methodology of the Underlying Strategy Basket; this weight shall be equal to 100% divided by the number of Underlying Strategy Basket Components in the Underlying Strategy Basket as of such Underlying Strategy Basket Rebalancing Date;

- Otherwise: the weight in percentage of such Underlying Strategy Basket Component (i) in the Underlying Strategy Basket as of Calculation Date  $t_{(-1)-3}$ ;

## **4 Calculation of the Underlying Strategy Basket**

The Intermediate Euro Level (the "**Euro Level**") is computed and maintained pursuant to the general guidelines and calculation guidelines (together the "**Calculation Rules**") which apply to basket and indices which follow the standard formula, as provided and published by Solactive on its webpage (<http://www.solactive.com>).

### **4.1 Review of the Underlying Strategy Basket Components**

#### **4.1.1 Quarterly Rebalancing**

On each Review Date, the Underlying Strategy Basket Advisor will determine the new composition of the Underlying Strategy Basket in accordance with the rules set forth herein, which will be implemented on the following Rebalancing Dates (such event being referred to as a "**Quarterly Rebalancing**")

As of each Review Date, the Shares which enter in the composition of the Underlying Strategy Basket are selected in accordance with the Underlying Strategy Basket Selection Rules (Section 4.2) as the Shares that belong to the Filtered Universe, and

- (a) already belong to the Underlying Strategy Basket as of the relevant Review Date that comply with the Maintenance Eligibility Rules, or
- (b) do not belong to the Underlying Strategy Basket as of the relevant Review Date that comply with the Entry Eligibility Rules.

Should the resulting allocation contain less than 50 Shares, the process described in 4.2.4 shall apply.

The Index will be rebalanced on the following Rebalancing Dates based on the weights calculated in accordance with Section 4.3.

#### **4.1.2 Extraordinary Rebalancing**

Following the occurrence of extraordinary events (including, but not limited to acts of God, natural disaster, epidemic, weather, accident, industrial action, Government action, civil unrest, war, threat of war, or major accounting fraud), the Underlying Strategy Basket Advisor may but shall not be obliged to remove one or several affected Underlying Strategy Basket Components or replace such affected Underlying Strategy Basket Components with new Shares (such replacement being called an "**Extraordinary Rebalancing**").

Any Extraordinary Rebalancing will correspond to the sale of exiting Underlying Strategy Basket Components and (in case of replacement) the purchase of new Shares. However, no reweighting will take place (i.e. the Underlying Strategy Basket post Extraordinary Rebalancing will not be reweighted following the process which applies to Quarterly Rebalancings).

### **4.2 Underlying Strategy Basket Selection Rules**

#### **4.2.1 Filtered Universe**

In respect of a Review Date ( $t_{RW}$ ), the Filtered Universe is composed of Shares that meet the below criteria:

- (i) all Shares that are in the Universe as of the Review Date ( $t_{RW}$ ) and meet the Maintenance Market Cap Criteria and the Maintenance Liquidity Criteria;
- (ii) Shares whose Company Sector is "Financials" are excluded;



(iii) Real estate Companies are excluded.

The “**Maintenance Market Cap Criteria**” means having a free float adjusted market capitalization of at least seven hundred million Euros (EUR 700,000,000) times the scaling factor.

The “**Maintenance Liquidity Criteria**” means having a 6-month average daily traded volume of at least three million Euros (EUR 3,000,000) times the scaling factor.

“**Scaling Factor**” means the closing level of the Factset Western Europe Index as of the Review Date divided by its closing level on the Index Base Date

#### **4.2.2 Maintenance Eligibility Rules**

To be eligible to remain in the Underlying Strategy Basket, a Share must still belong to the Filtered Universe and satisfy each of the criteria below (the “**Maintenance Eligibility Rules**”) as of the relevant Review Date:

- (i) It maintains a Piotroski Score of 5 or better;
- (ii) It maintains a Merton Score that ranks within the top 60% of the Filtered Universe; and
- (iii) A Dividend Yield greater than 3.5%.

Shares that fail to satisfy any of the above conditions will be removed from the Underlying Strategy Basket on the Rebalancing Dates immediately following the relevant Review Date.

#### **4.2.3 Entry Eligibility Rules**

To determine the Shares that are eligible for entry into the Underlying Strategy Basket on a Rebalancing Date, the Underlying strategy Basket Advisor will:

- (i) From the remaining Shares in the Filtered Universe that do not satisfy the Maintenance Eligibility Rules, include the Shares which satisfy each of the below criteria:
  - (a) Comply with the Entry Market Cap Criteria;
  - (b) Comply with the Entry Liquidity Criteria;
  - (c) A Piotroski Score of 7 or higher;
  - (d) A Merton Score that ranks within the top 40% of the Filtered Universe; and
  - (e) A Dividend Yield greater than 4%.
- (ii) Rank all resulting Companies which comply with Section 4.2.3(i) above, in decreasing order of their Dividend Yield.

“**Entry Market Cap Criteria**” means having a free float adjusted market capitalization greater than or equal to one billion Euro (€1bn) times the Scaling Factor.

“**Entry Liquidity Criteria**” means having a Share Turnover greater than or equal to four million Euro (€4mn) times the times the Scaling Factor.

The above 4.2.3(i) and 4.2.3(ii), together the “**Entry Eligibility Rules**”, and together with the Maintenance Eligibility Rules, the “**Eligibility Rules**”

- (iii) From the ranked result following 4.2.3(ii) above, select those Shares with the highest Dividend Yields until, aggregated with the Shares that comply with the Maintenance Eligibility Rules, the total number of selected Shares reaches 50.

For the avoidance of doubt, a Share for which any of the above criteria cannot be determined shall not be eligible for inclusion.

#### 4.2.4 Target number of Underlying Strategy Basket Components

If there are less than 50 Shares on aggregate that meet the Eligibility Rules, the Underlying Strategy Basket Advisor will:

- (i) Include in the Underlying Strategy Basket all Shares that pass the Eligibility Rules.
- (ii) From the remaining Shares in the Universe that do not satisfy the Eligibility Rules, determine those Shares that satisfy each of the following criteria:
  - (a) Comply with the Maintenance Market Cap Criteria;
  - (b) Comply with the Maintenance Liquidity Criteria;
  - (c) A Dividend Yield greater than 3.5%;
  - (d) A Piotroski Score of 7 or higher; and
  - (e) A Merton score that ranks within the top 40% of the Filtered Universe.  
(such modified rules, the “**Modified Entry Eligibility Rules**”)
- (iii) Rank the Shares that comply with the Modified Entry Eligibility Rules based on decreasing order of their Dividend Yield.
- (iv) From the ranked result following 4.2.4(iii) above, select the Shares with the highest Dividend Yields until, aggregated with the Shares selected pursuant to 4.2.4(i), the total number of Shares reaches 50.
- (v) If there are still less than 50 Shares on aggregate that comply with the Eligibility Rules and the Modified Entry Eligibility Rules, the Underlying Strategy Basket Advisor will:
- (vi) Include in the Index all Shares that satisfy the Eligibility Rules and Modified Entry Eligibility Rules:
- (vii) From the remaining Shares in the Universe, determine those Shares that satisfy each of the following criteria:
  - (a) Comply with the Maintenance Market Cap Criteria;
  - (b) Comply with the Maintenance Liquidity Criteria;
  - (c) A Dividend Yield greater than 3.5%;
  - (d) A Piotroski Score of 5 or higher; and
  - (e) A Merton score that ranks within the top 60% of the Filtered Universe.  
(such rules, the “**Soft Entry Eligibility Rules**”)
- (viii) Rank the Shares that comply with the Soft Entry Eligibility Rules in decreasing order of their Overall Quality Scores and then in decreasing order of their Dividend Yields.
- (ix) From the ranked result following 4.2.4(viii) above, select the Shares with the highest rank in addition to the Shares selected in accordance with 4.2.4(vi).
- (x) In the event that the resulting selection includes less than 50 Shares, the Underlying Strategy Basket Advisor will repeat steps (vii) and (viii) above but further decreasing the applicable Dividend Yield filter in the Soft Entry Eligibility Rules by 0.5% until the total number of remaining Shares reaches 50.

For the avoidance of doubt, a Share for which any of the above criteria cannot be determined shall not be eligible for inclusion.

#### 4.2.5 Scores

On each Review Date ( $t_{RW}$ ), the Overall Quality Score shall be determined for each Eligible Underlying Basket Component.

Each Overall Quality Score is computed as the sum of the two (2) quality scores (the “Quality Scores”) described below. If either Quality Score is unable to be determined with respect to an Eligible Basket Component, such Eligible Underlying Basket Component will be excluded from consideration for the relevant Review Date. Quality Scores are not calculated for Companies whose sector is “Financials” (as determined from FactSet Industry and Sector Classifications).

The Quality Scores are defined as the following:

- 1) Piotroski Score
- 2) Merton Score

Relevant Data Sources are provided by FactSet.

With respect to determining the Piotroski Score and Merton Score:

“ $T12M(X, t_{RW})$ ” is calculated in respect of Index Data [X] and the Review Date ( $t_{RW}$ ) as:

With respect to determining the sales, cash flow, gross income and net income for each Eligible Underlying Basket Component:

- the sum of the quarterly values of [X] published by FactSet for such Company’s last four (4) quarterly reports preceding such Review Date ( $t_{RW}$ ) if all such values are available;
- otherwise, the sum of the semi-annual values of [X] published on FactSet for such Company’s last two (2) semi-annual reports preceding such Review Date ( $t_{RW}$ ) if all such values are available;
- otherwise the latest annual value of [X] published on FactSet for such Company’s last annual report preceding such Review Date ( $t_{RW}$ ).

With respect to determining the assets, total assets, current assets, current liabilities, long-term liabilities, long-term debt and common shares outstanding for each Eligible Underlying Basket Component:

The last reported value from such Company’s most recent report (annual, quarterly or semi-annual).

#### 4.2.1 Piotroski Score

On each Review Date ( $t_{RW}$ ) the Piotroski Score is calculated for each Eligible Underlying Basket Component according to the following formula:

$$Piotroski\ Score = \sum_{i=1}^9 Ind[Criterion_i]$$

Where  $Ind[X] = 1$  if X is true and  $Ind[X] = 0$  otherwise;

And the set of criteria is defined as per the table below:

<i>i</i>	<i>Criterion<sub>i</sub></i>
1	$T12M(\text{Return on Assets}, t_{RW}) \geq 0$
2	$T12M(\text{Cash flow From Operations}, t_{RW}) \geq 0$
3	$T12M(\text{Return on Assets}, t_{RW}) \leq T12M(\text{Cash flow From Operations}, t_{RW})$
4	$\Delta\{\text{Return on Assets}, t_{RW}\} \geq 0$
5	$\Delta\{\text{Leverage}, t_{RW}\} \leq 0$
6	$\Delta\{\text{Current Ratio}, t_{RW}\} \geq 0$
7	$\Delta\{\text{Number of Shares}, t_{RW}\} \leq 5\%$
8	$\Delta\{\text{Gross Operating Margin}, t_{RW}\} \geq 0$
9	$\Delta\{\text{Asset Turnover}, t_{RW}\} \geq 0$

“**Delta**{ $X, t_{RW}$ }” is calculated in respect of Index Data [X] and the Review Date ( $t_{RW}$ ) according to the following formula:

$$Delta\{X, t_{RW}\} = T12M(X, t_{RW}) - T12M(X, t_{RW-12})$$

Where  $t_{RW-12}$  is the fiscal year preceding the current fiscal year in which the Review Date ( $t_{RW}$ ) (excluded) falls (i.e., the four (4) fiscal quarters preceding the most recent four (4) fiscal quarters for Companies reporting quarterly, the two (2) semi-annual fiscal periods preceding the most recent two (2) semi-annual fiscal periods for Companies reporting semi-annually or the fiscal year preceding the current fiscal year for Companies reporting annually).

“**Asset Turnover**” is the T12M sales divided by the T12M  $t_{RW-12}$  assets.

“**Cash Flow From Operations**” is the T12M cash flow from operations divided by the T12M  $t_{RW-12}$  total assets.

“**Current Ratio**” is the T12M current assets divided by the T12M current liabilities.

“**Gross Operating Margin**” is the T12M gross income divided by the T12M sales.

“**Leverage**” is the T12M long-term debt divided by the average of the T12M total assets and the T12M  $t_{RW-12}$  total assets.

“**Number of Shares**” is the T12M common shares outstanding prior to the relevant Review Date.

“**Return on Assets**” is the T12M net income before extraordinary items divided by the T12M  $t_{RW-12}$  total assets.

Relevant Data Source: FactSet Fundamentals.

#### 4.2.6 Merton Score

On each Review Date ( $t_{RW}$ ), the Merton Score is calculated for each Eligible Underlying Basket Component (i) according to the following formula:

$$Merton\ Score(i, t_{RW}) = 2 \times Quintile\{Distance\ to\ Default(i, t_{RW})\}$$

Where Quintile(X(i)) is defined in respect of Index Data [X] and Eligible Underlying Basket Component (i) as per the following table:

<b>X(i) ranking across Eligible Basket Components</b>	<b>Quintile(X)</b>
X(i) is amongst the 20% lowest (included)	1
X(i) is amongst the 40% lowest (included) but not amongst the 20% lowest (included)	2
X(i) is amongst the 60% lowest (included) but not amongst the 40% lowest (included)	3
X(i) is amongst the 80% lowest (included) but not amongst the 60% lowest (included)	4
X(i) is amongst the 20% highest (excluded)	5

“**Distance to Default**” is the probability for the asset value of a Company to fall below a certain default point calculated according to the following formula:

$$Distance\ to\ Default = \frac{\ln\left(\frac{Assets}{T12M(Default\ Point, t_{RW})}\right) + \left(Rate - \frac{\sigma_A^2}{2}\right)}{\sigma_A}$$

“**Default Point**” is the sum of the T12M current liabilities and half of the T12M long-term liabilities.

“**Rate**” is, with respect to each Review Date ( $t_{RW}$ ), the 6-month interbank offered rate for the relevant country (set forth on Appendix 1) as displayed by Reuters (or any successor service or page for the purpose of displaying such rate) at 11:00 a.m., London time, on the last day of the month preceding the month in which the relevant Review Date falls, or the latest relevant rate if such rate dated as of such Review Date is not available.

The Eligible Underlying Basket Component’s asset value (“**Assets**”) and volatility (“ $\sigma_A$ ”) are determined by jointly solving the following equations:

$$(1) \quad Total\ Equity = Assets \times N(d) - e^{-Rate} \times Default\ Point \times N(d - \sigma_A)$$

$$(2) \quad \sigma_E = \frac{Assets}{Total\ Equity} \times N(d) \times \sigma_A$$

$$(3) \quad d = \frac{1}{\sigma_A} \times \left( \ln\left(\frac{Assets}{Default\ Point}\right) + Rate + \frac{\sigma_A^2}{2} \right)$$

And:

“Total Equity” is the last published full equity market capitalization.

“ $\sigma_E$ ” is the 6-month historical price volatility calculated as the standard deviation of daily price changes over the past 130 weekdays as of the month-end of the month preceding the relevant Review Date.

Relevant Data Source: FactSet Fundamentals, FactSet Prices, Reuters

### 4.3 Publication of the Underlying Strategy Basket Level

The Underlying Strategy Basket Level is published on Reuters/Bloomberg and on the website of the Underlying Strategy Basket Calculation Agent for each Underlying Strategy Basket Calculation Date.

### 4.4 Rounding Rules

The rounding policy is defined as follows:

- Underlying Strategy Basket Level: 2 decimal places

### 4.5 Definitions

“**Announcement Date**” means the 3<sup>rd</sup> (third) Calculation Date immediately following the relevant Review Date;

“**Closing Valuation Time**” means 18:30 Central European Time as of the Underlying Strategy Basket Launch Date and as may be modified by the Underlying Strategy Basket Calculation Agent from time to time thereafter.

“**Company**” means in respect of a Share, the issuer of such Share;

“**Early Closure**” means in respect of any Underlying Strategy Basket Component, the closure on any Exchange Business Day of the Exchange prior to its Scheduled Closing Time;

**“Eligible Country”** means any European country considered as developed by the Underlying Strategy Basket Calculation Agent. As of the Underlying Strategy Basket Launch Date, the list of Eligible Countries is the following: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. Such list may be updated from time to time by the Underlying Strategy Basket Calculation Agent in order to insure that it remains consistent over time with the definition of developed countries as determined by the Underlying Strategy Basket Calculation Agent.

**“Eligible Underlying Basket Component”** means any Share of the Filtered Universe.

**“Exchange”** means, for each Eligible Country, a regulated exchange of such Eligible Country, or any substitute exchange or quotation system to which trading in the Underlying Strategy Basket Components has temporarily or permanently relocated (provided that the Underlying Strategy Basket Advisor has determined that there is comparable liquidity relative to such Share on such substitute exchange or quotation system as on the original Exchange);

**“Exchange Business Day”** means in respect of any Underlying Strategy Basket Component, any Scheduled Trading Day on which the Exchange is open for trading during its respective regular trading session, notwithstanding any the Exchange closing prior to its Scheduled Closing Time;

**“Exchange Disruption”** means in respect of any Underlying Strategy Basket Component, any event (other than an Early Closure) that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for any futures on the Exchange;

**“Filtered Universe”** means all Shares meeting the criteria defined in Section 4.2.1.

**“First Rebalancing Date”** means the 3<sup>rd</sup> (third) Calculation Date immediately following the Announcement Date;

**“Underlying Strategy Basket”** means the Intermediate Euro Level;

**“Underlying Strategy Basket Base Date”** means the Underlying Strategy Basket Launch Date;

**“Underlying Strategy Basket Calculation Agent”** means Solactive AG acting as calculation agent for the Underlying Strategy Basket;

**“Underlying Strategy Basket Calculation Date”** means any Scheduled Trading Day on which no Disruption Event exists;

**“Underlying Strategy Basket Component”** means a share constituting the Underlying Strategy Basket. The Components are determined pursuant to the section “Review of the Underlying Strategy Basket Components” set out hereinafter;

**“Underlying Strategy Basket Currency”** means the Euro (“EUR”);

**“Underlying Strategy Basket Disruption Event”** means the occurrence or existence in respect of any Underlying Strategy Basket Component of (i) an Exchange Disruption, or (ii) a Trading Disruption, or (iii) an Early Closure, which in any case the Underlying Strategy Basket Advisor, after consultation with the Underlying Strategy Basket Calculation Agent, determines is material;

**“Underlying Strategy Basket Launch Date”** means 3<sup>rd</sup> of January 2004;

**“Underlying Strategy Basket Level”** means, in respect of any Underlying Strategy Basket Calculation Date(t), the level of the Underlying Strategy Basket calculated and published by the Underlying Strategy

Basket Calculation Agent as at the Valuation Time on such Underlying Strategy Basket Calculation Date(t), pursuant to these Calculation Rules;

“**Underlying Strategy Basket Advisor**” means Société Générale (“**SG**”);

“**Opening Valuation Time**” means (09:00 Central European Time as of the Underlying Strategy Basket Launch Date and as may be modified by the Underlying Strategy Basket Calculation Agent after consultation with the **Underlying Strategy** Basket Advisor from time to time thereafter).

“**Rebalancing Date**” means each of the 5 (five) Calculation Dates following and including any First Rebalancing Date;

“**Related Exchange(s)**” means in respect of each **Underlying Strategy** Basket Component, each exchange or quotation system where trading has a material effect on the overall market for futures and options contracts relating to such **Underlying Strategy** Basket Component, any successor exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such **Underlying Strategy** Basket Component, has temporarily relocated.

“**Review Date**” means the last Calculation Date of March, June, September and December of any year;

“**Scheduled Closing Time**” means in respect of an Exchange or Related Exchange, the scheduled weekday closing time of such Exchange or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours.

“**Scheduled Trading Day**” means each weekday with the exclusion of January 1, Good Friday, Easter Monday, May 1, Christmas Day, and Boxing Day.

“**Share**” means each ordinary share or common stock issued by a company;

“**Trading Disruption**” means, in respect of any **Underlying Strategy** Basket Component, any suspension of or limitation imposed on trading by the Exchange for such **Underlying Strategy** Basket Component or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or otherwise.

“**Universe**” means the eligible universe of **Underlying Strategy** Basket Components defined as all ex-financials companies which are listed on an Exchange.

“**Valuation Time**” means with respect to the Underlying Strategy Basket, any time between the Opening Valuation Time and the Closing Valuation Time provided that the relevant data is available to enable the Underlying Strategy Basket Calculation Agent to determine the Underlying Strategy Basket Level.

## **5 Consequences of an Underlying Strategy Basket Disruption Event**

- (i) If an Underlying Strategy Basket Disruption Event exists on a Scheduled Trading Day for an Underlying Strategy Basket Component (a “**Disrupted Scheduled Trading Day**”), then the Underlying Strategy Basket Calculation Agent shall not determine the level for the Underlying Strategy Basket on such Scheduled Trading Day. The next Underlying Strategy Basket Calculation Date following such Disrupted Scheduled Trading Day for which the Underlying Strategy Basket Calculation Agent shall determine the level for the Underlying Strategy Basket shall be the first succeeding Scheduled Trading Day on which the Underlying Strategy Basket Calculation Agent determines that an Underlying Strategy Basket Disruption Event no longer exists; *provided* that if the Underlying Strategy Basket Calculation Agent determines that an Underlying Strategy Basket Disruption Event exists on the five consecutive Scheduled Trading Days immediately following the initial Disrupted Scheduled Trading Day, then:

- (a) the fifth Scheduled Trading Day following the initial Disrupted Scheduled Trading Day, and each Scheduled Trading Day thereafter on which an Underlying Strategy Basket Disruption Event continues to exist (each, a “**Disrupted Calculation Date**”), shall be deemed to be an Underlying Strategy Basket Calculation Date for the purpose of calculating and publishing the Underlying Strategy Basket Level only, notwithstanding the existence of an Underlying Strategy Basket Disruption Event on such date(s), and
  - (b) the Underlying Strategy Basket Calculation Agent shall use its reasonable efforts to determine, the level of Underlying Strategy Basket as of the Closing Valuation Time on that fifth Scheduled Trading Day following the initial Disrupted Scheduled Trading Day, and as of each Closing Valuation Time on each Scheduled Trading Day thereafter on which an Underlying Strategy Basket Disruption Event continues to exist.
- (ii) Notwithstanding the foregoing Section 5.(i), if an Underlying Strategy Basket Disruption Event continues for twenty consecutive Scheduled Trading Days, then the Underlying Strategy Basket Advisor shall, after consultation with the Underlying Strategy Basket Calculation Agent, either (each a “**Disruption Remedy**”)
- (a) amend the Underlying Strategy Basket Rules in a manner that preserves the economic characteristics of the Underlying Strategy Basket and results in the Disruption Event ceasing to exist, or
  - (b) permanently cancel the Underlying Strategy Basket, or
  - (c) decide to continue the determination of the Underlying Strategy Basket Level as provided in section 5.(i). above for another period of twenty (20) Scheduled Trading Days (a “**Disruption Period Extension**”), provided that after such period, the Underlying Strategy Basket Advisor shall decide again between the Disruption Remedies above, subject to a maximum of three Disruption Period Extensions, including the first one.



## **6 Appendix**

### **6.1 Contact data**

#### **Information regarding the Europe Qualité Rendement concept**

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### **6.2 Calculation of the Index and the Underlying Strategy Basket – change in calculation method**

The application by the Underlying Strategy Basket calculator of the method described in this document is final and binding. The Underlying Strategy Basket calculator shall apply the method described above for the composition and calculation of the Underlying Strategy Basket. However it cannot be excluded that the market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The Underlying Strategy Basket calculator may also make changes to the terms and conditions of the Underlying Strategy Basket and the method applied to calculate the Underlying Strategy Basket, which he deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. The Underlying Strategy Basket calculator is not obliged to provide information on any such modifications or changes. Despite the modifications and changes the Underlying Strategy Basket calculator will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.