

SG Global Quality Income Index
(GBP Currency Hedged – Net Total Return)

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Index Rules

Version as of 2 May 2014

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1. Index Summary Description:

1.1. Index Description

The SG Global Quality Income Index (GBP Currency Hedged – Net Total Return) (the “**Index**”, displayed on Bloomberg page SGQINRGH<Index>), with an Index Launch Date on 2 May 2014 (the “**Index Launch Date**”), aims to capture the performance of Shares which are listed on the regulated exchange of an “**Eligible Country**” (each such exchange, an “**Eligible Exchange**” and together the “**Eligible Exchanges**”) which offer attractive and sustainable dividend yields.

The Index aims to offer a hedging feature against foreign exchange rates variations which concern Shares quoted in currencies which are different from the Index Currency.

The Index is calculated daily, with an end of day fixing.

The Index is calculated in Great British Pound Net Total Return and published by Solactive AG (the “**Index Calculation Agent**”).

Main Characteristics

Bloomberg ticker:	SGQINRGH <Index>
Reuters RIC	.SGQINRGH
Type of Return:	Net Total Return
Calculation Frequency:	Daily – End of day
Publication Time:	End of day
Index Launch Date:	2 May 2014
Currency:	GBP
Fees and Costs:	As specified under the “Index Fees and Costs” section below
Asset Class:	Equity
Index Components:	Equity Instrument, Market Data and Forward Price on Foreign Exchange Rates

1.2. Index Philosophy

1.2.1. The Quality Income Strategy

The quality income strategy is based on two basic principles. The first is that historically dividend yield has been the dominant component of equity returns, and the second is that equity investors are not rewarded for buying higher risk stocks.

The Underlying Index aims to identify a universe of assets which may offer lower risk and higher quality. Societe Generale (the “**Underlying Index Sponsor**”) has identified a set of measures that aim to reduce the overall volatility, beta and drawdown of the portfolio and also to reduce the probability of dividend cuts. None of the quality measures incorporate any forecasts and are solely based on reported information.

The selection of Shares comprising the Underlying Index (the “**Underlying Index Components**”) is fully systematic and excludes financial companies.

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1.2.2. The Currency Hedging Strategy

The Index also embeds a systematic currency hedge strategy against GBP (the “**Currency Hedging Strategy**”) (as further described in section 2.3.1), which corresponds to a hypothetical position on one-month currency forwards on GBP at the end of each calendar month.

On each Index Calculation Date, the Index Level is computed by combining (i) the returns on the Underlying Index and (ii) any positive or negative return linked to the Currency Hedging Strategy.

1.3. Index Fees and Costs

The Index is calculated net of the following fees and costs:

Index Advisory Fees:	None applicable
Replication Fees:	None applicable
Transaction Costs:	None applicable
Replication Costs:	None applicable

2. Index Rules:

2.1. Methodology applicable

The Index and the Underlying Index are computed and maintained pursuant to the general index guidelines and index calculation guidelines (together the “**Index Calculation Rules**”) which apply to indices which follow the standard formula, as provided and published by the Index Calculation Agent on its website (<http://www.solactive.com>).

The Index and the Underlying Index are computed “Net Total Return”, which means that dividends are reinvested in the Underlying Index, net of withholding tax.

2.2. Terms and definitions relating to the Index:

“**ACT(t, t₊₁)**” means the number of calendar days between the Index Calculation Date (t) (excluded) and the Index Calculation Date (t₊₁) (included);

“**ACT(t₋₁, t₊₁)**” means the number of calendar days between the Index Calculation Date (t₋₁) (excluded) and the Index Calculation Date (t₊₁) (included);

“**Foreign Exchange Rate**”, “**FX_i(t)**” means in respect of Underlying Index Component (i) , and a Calculation Date (t), the closing spot exchange rate to convert the Index Currency (i.e. British Pound - GBP) into the listing currency of such Underlying Index Component (i) as of such Calculation Date (t), as published by the WM Company, or any successor thereto;

“**FX Rebalancing Date**” means the 7th Scheduled Calculation Date of each calendar month or, if such day is not an Index Calculation Date, the Index Calculation Date immediately following such date;

“**Hedge Index Level**”, “**HI(t)**” means in respect of a Calculation Date (t), the percentage representing the performance impact of hedging the exposure to each Underlying Index Component Base Currency relative to the Index Currency as of such Calculation Date (t), as determined pursuant to section 2.3.3;

“**Index Calculation Agent**” means Solactive AG acting as calculation agent for the Index;

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“**Index Calculation Date**” means any Scheduled Calculation Date on which no Index Disruption Event exists;

“**Index Currency**” means the Great British Pound (“**GBP**”);

“**Index Disruption Event**” means with respect to an Index Component that is Market Data, the non-publication of the level of any Market Data used by the Index Calculation Agent for the purposes of calculating the Index;

“**Index Launch Date**” means 2 May 2014;

“**Index Level**”, “**IL(t)**” means in respect of any Calculation Date (t), the closing level of the Index calculated and published by the Index Calculation Agent on such date at the Valuation Time, pursuant to the Index Rules set out in Section 2.3.3;

“**Index Sponsor**” means Societe Generale (“**SG**”);

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

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

“**N(t)**” means the number of Underlying Index Components in the Underlying Index as of the Index Calculation date (t);

“**One-month Forward Contracts**” means the hypothetical one-month currency forwards contracts on GBP used to hedge the currency risk of each Underlying Index Components quoted in currencies which are different from the Index Currency;

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

“**Scheduled Calculation Date**” means any day on which the Underlying Index is calculated and disseminated by the Underlying Index Calculation Agent, or the Underlying Index Sponsor.

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

“**t₍₋₁₎**” means in respect of Index Calculation Date (t), the FX Rebalancing Date immediately preceding such Index Calculation Date (excluded). For the avoidance of doubt, if (t) is a FX Rebalancing Date, t₍₋₁₎ shall be approximately one month before (t);

“**t_{(-1) - 3}**” means in respect of Index Calculation Date (t), the third Scheduled Calculation Date preceding the FX Rebalancing Date immediately preceding such Index 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);

“**Underlying Index**”, means the SG Global Quality Income Index (GBP – Net Total Return) (Bloomberg: SGQINRGB <Index>);

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“Underlying Index Calculation Agent”, means Solactive AG acting as calculation agent for the Underlying Index;

“Underlying Index Component” means a Share constituting the Underlying Index. The Underlying Index Components are determined pursuant to the section “Review of the Underlying Index Components” set out in the Index Rules of the Underlying Index. On any Index Calculation Date which falls between an Underlying Index Review Date and the immediately following Underlying Index Rebalancing Date (such Underlying Index Rebalancing Date, the **“Underlying Index Rebalancing Effective Date”** for the purpose of this definition) (i.e. on any Index Calculation Date which falls between the 4th Scheduled Calculation Date and the 7th Scheduled Calculation Date of a January, April, July or October), a Share shall be deemed to be an Underlying Index Component if and only if such Share will be an Underlying Index Component as of the Effective Date;

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

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

- If Calculation Date $t_{(-1)}-3$ falls between an Underlying Index Review Date (included) and the immediately following Underlying Index Rebalancing Date (excluded): the weight in percentage of such Underlying Index Component (i) as determined on the Underlying Index Review Date immediately preceding such Calculation Date $t_{(-1)}-3$ (included) pursuant to the methodology of the Underlying Index; this weight shall be equal to 100% divided by the number of Underlying Index Components in the Underlying Index as of such Underlying Index Rebalancing Date;
- Otherwise: the weight in percentage of such Underlying Index Component (i) in the Underlying Index as of Calculation Date $t_{(-1)}-3$;

“Underlying Index Currency” means the British Pound (**“GBP”**);

“Underlying Index Level”, **“UI(t)”** means in respect of any Calculation Date (t), the closing level of the Underlying Index as of such Calculation Date (t);

“Underlying Index Rebalancing Date” means the 7th Scheduled Calculation Date of January, April, July and October each year;

“Underlying Index Review Date” means the 4th Scheduled Calculation Date of January, April, July and October each year;

“Underlying Index Sponsor”, means Societe Generale (**“SG”**);

“Valuation Time” means (18:30 Central European Time as of the Index Launch Date and as may be modified by the Index Calculation Agent after consultation with the Index Sponsor from time to time thereafter).

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2.3. Index Calculation Rules

2.3.1 Currency Hedging Strategy

The Underlying Index has security constituents that can be quoted in various currencies which may differ from the Index Currency (each such currency, an “**Underlying Index Component Base Currency**”).

The calculation of the Index combines the returns of the Underlying Index with the performance impact of hedging the exposure to each Underlying Index Component Base Currency relative to the Index Currency.

The Index is then maintained with an objective of reflecting the evolution of the respective weights of each Underlying Index Component Base Currency.

In particular, the Currency Hedging Strategy involves, on each FX Rebalancing Date:

- Recomputing each Underlying Index Component Weight
- Rolling the One-month Forward Contracts over to the next FX Rebalancing Date

The Index is therefore rebalanced monthly on each FX Rebalancing Date, when the index will take into account the effect of rolling into new One-month Forward Contracts based on the newly determined Underlying Index Component Weight.

2.3.2 Underlying Index Component Weight

Each Underlying Index Component Weight is computed as of the close of the 4th Scheduled Calculation Date of each calendar month, but taking into account any changes in the composition of the Underlying Index on the 7th Scheduled Calculation Date (or if such date is not an Index Calculation Date, the Index Calculation Date immediately following such date) of such calendar month due to any rebalancing or corporate actions.

2.3.3 Determination of the Index Level, “IL(t)”:

There are two components to the Index return:

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

The Index Level is, in respect of any Index Calculation Date (t), determined by the Index Calculation Agent subject to the occurrence of an Index 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,

$$IL(0) = 1,000 \text{ (as of the Index Launch Date)}$$

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

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

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With:

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

2.4. Publication of the Index Level:

The Index Level is published on Reuters/Bloomberg and on the website of the Index Calculation Agent and of the Index Sponsor for each Index Calculation Date.

2.5. Rounding Rules:

The rounding policy is defined as follows:

- Index Level : 2 decimal places

3. Consequences of an Index Extraordinary Event

3.1 If the Underlying Index is (i) not calculated and announced by the sponsor of the Underlying Index (the “**Underlying Index Sponsor**”) but is calculated and announced by a successor Underlying Index Sponsor acceptable to the Index Calculation Agent, after instruction from the Index Sponsor, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, after instruction from the Index Sponsor, the same or a substantially similar formula for and method of calculation as used in the calculation of such Underlying Index, then in each case that successor index will replace such Underlying Index. Additionally, if the Underlying Index ceases to be the underlying reference asset of an exchange-traded futures or option contract (if applicable), the Index Calculation Agent, after instruction from the Index Sponsor, may, but is not obligated to, replace the Underlying Index with a new index; provided that such new index uses, in the determination of the Index Calculation Agent, after instruction from the Index Sponsor, the same or a substantially similar formula for and method of calculation as used in the calculation of the original Underlying Index.

In the event that the Underlying Index is replaced under any circumstance described in the previous paragraph, that replacement index will be deemed a “**Successor Underlying Index**” for such Underlying Index. Such Successor Underlying Index will be used as a substitute for the original Underlying Index for all purposes, including for purposes of determining the level of the Underlying Index and whether an Index Disruption Event exists with respect to such Underlying Index.

3.2 If, with respect to the Underlying Index and a Scheduled Trading Day, the sponsor of the Underlying Index announces on or prior to such Scheduled Trading Day that it will make a material change in the formula for or the method of calculating such Underlying Index or in any other way materially modifies such Underlying Index (other than a modification prescribed in that formula or method to maintain such Underlying Index for routine events), the Index Calculation Agent, after instruction from the Index Sponsor, may, but is not obligated to, calculate the level of the Underlying Index on such Scheduled Trading Day in accordance with the formula for and method of calculating such Underlying Index last in effect prior to such change or cancellation, but using only those securities or instruments that comprised such Underlying Index immediately prior to such change or cancellation.

If at any time the method of calculating the Underlying Index, or the level thereof, is changed in a material respect, or if the Underlying Index is in any other way modified so that such Underlying Index does not, in the opinion of the Index Calculation Agent, after instruction from the Index Sponsor, fairly represent the level of the Underlying Index had such changes or

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modifications not been made, then the Index Calculation Agent, after instruction from the Index Sponsor, may, but is not obligated to, make such calculations and adjustments as the Index Calculation Agent, after instruction from the Index Sponsor, determines necessary in order to arrive at a level of an index comparable to such Underlying Index as if such changes or modifications had not been made, and the Index Calculation Agent, after instruction from the Index Sponsor, will calculate the level of the Index with reference to such Underlying Index, as adjusted.

If the Underlying Index Sponsor cancels the Underlying Index on or prior to any Scheduled Trading Day and no Successor Underlying Index exists, the Index Calculation Agent shall not determine the level for the Index for such Scheduled Trading Day. If such event exists and is not cured for twenty Scheduled Trading Days, the Index Calculation Agent shall, after instruction from the Index Sponsor either (each a “**Extraordinary Event Remedy**”)

- (i) amend the Index Rules in a manner that preserves the economic characteristics of the Index,
- (ii) permanently cancel the Index, or
- (iii) decide to postpone such decision for another period of twenty (20) Scheduled Trading Days (an “**Extraordinary Event Period Extension**”), provided that after such period, Index Calculation Agent, after instruction from the Index Sponsor, shall decide again between the Extraordinary Event Remedies above, subject to a maximum of three Extraordinary Event Period Extension, including the first one.

4. Index Disruption Events Remedies:

If an Index Disruption Event occurs on a Scheduled Calculation Date (a “**Disrupted Calculation Date**”), then the Index Calculation Agent, after instruction from the Index Sponsor, shall not calculate the Index Level on such Disrupted Calculation Date in which case the next Calculation Date shall be the first succeeding Scheduled Calculation Date that is not a Disrupted Calculation Date for any Index Component as determined by the Index Calculation Agent, after instruction from the Index Sponsor, unless each of the five Scheduled Calculation Dates immediately following the initial Disrupted Calculation Date is also a Disrupted Calculation Date for any Index Component, in which case:

- (i) the fifth Scheduled Calculation Date following the initial Disrupted Calculation Date, and each Scheduled Calculation Date that is a Disrupted Calculation Date thereafter, shall be deemed to be a Calculation Date (each, a “**Disrupted Calculation Date**”), notwithstanding the existence of an Index Disruption Event on such date and only for the purpose of determining an estimate of the Index Level; and
- (ii) on that fifth Scheduled Calculation Date and on each Disrupted Calculation Date thereafter, the Index Calculation Agent shall calculate the Index Level based on, in respect of a Basket Component, the levels or prices of the affected Basket Component last in effect prior to the occurrence of the relevant Index Disruption Event and relevant market indicators on the relevant date(s) of determination; and as determined in good faith, after instruction from the Index Sponsor.

Notwithstanding the foregoing Section, on any day from the first Disrupted Calculation Date but no later than the twentieth Scheduled Calculation Date following the initial Disrupted Calculation Date, if an Index Disruption Event has been continuing on each such day, the Index Sponsor will decide to (each a “**Index Disruption Remedy**”):

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- (i) adjust any relevant terms of the Index Rules in a manner that preserves the economic characteristics of the Index; or
- (ii) continue the determination of the Index Level pursuant to section (ii) above for another maximum period of twenty Scheduled Calculation Dates (a “Disruption Period Extension”), provided that after such period, the Index Sponsor shall decide again between the Index Disruption Remedies, including a renewal of the Disruption Period Extension, subject to a maximum of three such extensions, including the first one.

If neither of the Index Disruption Remedies (i) and (ii) above constitutes suitable remedies for such Index Disruption Event, the Index Sponsor will permanently cancel the Index.