

Guideline relating the

Solactive Canadian Equity Risk Aligned 10% Index

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This document contains the underlying principles and regulations regarding the structure and operating of the Solactive Canadian Equity Risk Aligned 10% Index. 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 Index nor the Index value at any certain point in time nor in any other respect. The Index is merely calculated and published by Solactive AG and it 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 Index. The publication of the Index 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 Index.

Introduction

This document is to be used as a guideline with regard to the composition, calculation and management of the Solactive Canadian Equity Risk Aligned 10% Index. Any changes made to the guideline are initiated by the Committee specified in section 1.6. The Solactive Canadian Equity Risk Aligned 10% Index is calculated and published by Solactive AG.

1 Index specifications

The Solactive Canadian Equity Risk Aligned 10% Index (the “**Index**”) is a rules-based, systematic strategy index that gives exposure to the Solactive Canadian Equity Index (the “**Underlying Index**”). The exposure is changed every day to ensure that the volatility of the Index closely tracks the Target Volatility of 10 percent.

The Index is calculated and distributed by Solactive AG.

The Index is calculated and published in CAD.

1.1 Short name and ISIN

The Solactive Canadian Equity Risk Aligned 10% Index is distributed under ISIN DE000SLAOPZ8; the WKN is SLAOPZ. The Index is published in Reuters under the code <.CIBCEC10> and in Bloomberg under the ticker CIBZEC10 Index.

The Underlying Index is published by Solactive in Reuters under the RIC .CIBCECAN and in Bloomberg under the ticker .CIBZECAN.

1.2 Initial value

The index is calculated since the 12th January 2014. Backtested data is available since 19th January, 2011, where the index is based on with a value of 100.

1.3 Distribution

The Index is published via the price marketing services of Boerse Stuttgart AG and is distributed to all affiliated vendors. Each vendor decides on an individual basis as to whether the vendor will distribute/display the Solactive Canadian Equity Risk Aligned 10% Index via the vendor’s information systems.

1.4 Prices and calculation frequency

The value of the Index is calculated on each Business Day based on the value of the Underlying Index. The most recent value of the Underlying Index is used. Should there be no current value available, the most recent value for the preceding Business Day is used in the calculation.

The Index is calculated once every Business Day at 4:55pm, EST. In the event that data cannot be provided to Reuters or to the pricing services of Boerse Stuttgart AG the Index cannot be distributed.

Any incorrect calculation is adjusted on a retrospective basis.

1.5 Decision-making bodies

A Committee, composed of members of Solactive AG is responsible for decisions regarding the composition of the Index as well as any amendments to the rules (in this document referred to as the "**Committee**" or the "**Index Committee**"). The Committee shall decide if any Extraordinary Events should occur and the implementation of any necessary adjustments.

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

1.6 Publication

All specifications and information relevant for calculating the Index are made available on the web page of Solactive AG (<http://www.solactive.com>).

1.7 Licencing

Licences, if any, to use the Index 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 Index

2.1 Index formula

The Index value on a Business Day t is calculated in accordance with the following formula:

$$Index_t = Index_{t-1} \cdot \left(1 + \alpha_t \cdot \left(\frac{UI_t}{UI_{t-1}} - 1 \right) \right)$$

with:

$Index_{t-1}$ = Index value on the Business Day immediately preceding Business Day t

α_t = Participation Rate on Business Day t

UI_t = Underlying Index value on Business Day t

UI_{t-1} = Underlying Index value on the Business Day immediately preceding Business Day t

The Participation Rate on Business Day t is calculated in accordance with the following formula:

$$\alpha_t = \max \left[0\% ; \min \left(\frac{10\%}{\sigma_{t-2}} ; 150\% \right) \right]$$

with:

$$\sigma_t = \max \left[\sqrt{\sigma_{ST,t}^2} ; \sqrt{\sigma_{LT,t}^2} \right]$$

where

$$\sigma_{ST,t}^2 = 252 \cdot \frac{\sum_{i=1}^{60} \lambda_{ST}^i \cdot \ln \left(\frac{UI_{t+1-i}}{UI_{t-i}} \right)^2}{\sum_{i=1}^{60} \lambda_{ST}^i}$$

and

$$\sigma_{LT,t}^2 = 252 \cdot \frac{\sum_{i=1}^{60} \lambda_{LT}^i \cdot \ln \left(\frac{UI_{t+1-i}}{UI_{t-i}} \right)^2}{\sum_{i=1}^{60} \lambda_{LT}^i}$$

with

λ_{ST} = Short Term Volatility Measure Decay Parameter

λ_{LT} = Long Term Volatility Measure Decay Parameter

3.2 Accuracy

The value of the Index will be rounded to four decimal places.

The Underlying Index value will not be rounded.

3.4 Calculation of the Index in the event of a Market Disruption Event

The Index is not calculated in the event of a Market Disruption Event. If the Market Disruption Event continues over a period of eight Business Days, then the Committee will determine the necessary action (including but not limited to taking into account the market conditions prevailing at this point in time, the last quoted Underlying Index value as well as any other conditions that it deems relevant for calculating the Index value) such that the Underlying Index value resulting from the Market Disruption Event is no longer causing such disruption to occur.

4. Definitions

“**Business Day**” means a day on which the Exchange is scheduled to be open for trading during its regular trading session.

“**Exchange**” means the Montreal Stock Exchange.

“**Index Sponsor**” means Solactive AG.

The “**Index Calculator**” is Solactive AG or any other appropriately appointed successor in this function.

The “**Index Currency**” is CAD.

A “**Market Disruption Event**” is defined as a Business Day where the Underlying Index is not published.

The “**Short Term Volatility Measure Decay Parameter**” is 94%.

The “**Short Term Volatility Measure Decay Parameter**” is 99%.

The “**Underlying Index**” is the Solactive Canadian Equity Index.

5 Appendix

5.1 Contact data

Information regarding the Index concept

Solactive Canadian Equity Risk Aligned 10% Index is a systematic, rules-based strategy index that that gives exposure to the Underlying Index. The exposure is changed every day to ensure that the volatility of the Index closely tracks the Target Volatility of 10 percent.

5.2 Calculation of the Index – change in calculation method

The application by the Index Calculator of the method described in this document is final and binding. The Index Calculator shall apply the method described above for the calculation of the Index. 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 Index Calculator may also make changes to the terms and conditions of the Index and the method applied to calculate the Index, 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 Index Calculator is not obliged to provide information on any such modifications or changes. Despite the modifications and changes the Index Calculator will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.