

INDEX GUIDELINE

AI Powered Equity Index 5 (USD) Excess Return

VERSION 1.0

26 MAY 2020



TABLE OF CONTENTS

Introduction	3
1. Index Specifications	4
1.1. Scope of the Index	4
1.2. Identifiers and Publication	4
1.3. Initial Level of the Index	4
1.4. Prices and calculation frequency	4
1.5. Licensing.....	5
2. Calculation of the Index	6
2.1. Index formula	6
2.2. Realized Volatility Calculation	7
2.3. Accuracy	7
2.4. Recalculation.....	7
2.5. Market Disruption	7
3. Miscellaneous	9
3.1. Discretion	9
3.2. Methodology Review.....	9
3.3. Changes in calculation method.....	9
3.4. Termination	10
3.5. SOFR Unavailability and Cessation.....	10
3.6. Oversight Committee	11
4. Definitions.....	11
Contact.....	12



INTRODUCTION

This document (the "GUIDELINE") is to be used as a guideline with regard to the composition, calculation and maintenance of the AI Powered Equity Index 5 (USD) Excess Return (the "INDEX"). Any amendment to the GUIDELINE is approved by the OVERSIGHT COMMITTEE specified in Section 3.6. The INDEX is calculated, administered and published by Solactive AG ("SOLACTIVE") assuming the role as administrator (the "INDEX ADMINISTRATOR") under the Regulation (EU) 2016/1011 (the "BENCHMARK REGULATION" or "BMR"). The name "Solactive" is trademarked.

The GUIDELINE and the policies and methodology documents referenced herein contain the underlying principles and rules regarding the structure and operation of the INDEX. SOLACTIVE does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the INDEX nor the level of the INDEX at any certain point in time nor in any other respect. SOLACTIVE strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for SOLACTIVE – 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 does not constitute a recommendation for capital investment and does not contain any assurance or opinion of SOLACTIVE regarding a possible investment in a financial instrument based on this INDEX.



1. INDEX SPECIFICATIONS

1.1. SCOPE OF THE INDEX

The INDEX is owned by EquBot Inc. ("EQUBOT") and administered, calculated, and published by SOLACTIVE.

The INDEX is dynamically exposed to the AI Powered US Equity Base Index (TR) ("BASE INDEX"). This exposure varies between 0% and 150% and may be adjusted on each Trading Day to aim to achieve a volatility of 5% for the Index.

The Index is excess return, which reflects the weighted performance of the BASE INDEX in excess of the SECURED OVERNIGHT FINANCING RATE (SOFR) (as defined below) accrued daily.

The Index incorporates an adjustment factor of 0.85% per annum, deducted daily.

The Index is denominated in USD.

1.2. IDENTIFIERS AND PUBLICATION

The INDEX is published under the following identifiers:

Name	ISIN	Currency	Type	RIC	BBG ticker
AI Powered Equity Index 5 (USD) Excess Return	DE000SLOA3E9	USD	ER*	.AIPEX5	AIPEX5 Index

*ER means that the Index is calculated as excess return.

The INDEX is published on the website of the INDEX ADMINISTRATOR (www.solactive.com) and is, in addition, available via the price marketing services of Boerse Stuttgart GmbH and may be distributed to all of its affiliated vendors. Each vendor decides on an individual basis as to whether it will distribute or display the INDEX via its information systems.

Any publication in relation to the INDEX (e.g. notices, amendments to the GUIDELINE) will be available at the website of the INDEX ADMINISTRATOR: <https://www.solactive.com/news/announcements/>.

1.3. INITIAL LEVEL OF THE INDEX

The initial level of the INDEX on 30 April 2004, the START DATE, is 1000. Historical values from 4 May 2020, the LIVE DATE, will be recorded in accordance with Article 8 of the BMR. Levels of the INDEX published for a period prior to the LIVE DATE have been back-tested.



1.4. PRICES AND CALCULATION FREQUENCY

The closing level of the Index is calculated on each CALCULATION DAY based on the closing level of the BASE INDEX.

1.5. LICENSING

Licenses to use the INDEX as the underlying value for financial instruments, investment funds and financial contracts may be issued to stock exchanges, banks, financial services providers and investment houses by EQUBOT Inc.



2. CALCULATION OF THE INDEX

2.1. INDEX FORMULA

The closing level of the Index in respect of each CALCULATION DAY after the START DATE ("CALCULATION DAY t") shall be calculated in accordance with the following formula:

$$IL_t = IL_{t-1} \times \left(1 + \text{Exp}_{t-1} \times \left(\frac{BIL_t}{BIL_{t-1}} - 1 - r_{t-1} \times \frac{DC_{t-1,t}}{360} \right) - \text{Adj} \times \frac{DC_{t-1,t}}{360} \right)$$

Where:

IL_t Means the closing level of the Index in respect of CALCULATION DAY t;

IL_{t-1} Means the closing level of the Index in respect of the CALCULATION DAY immediately preceding CALCULATION DAY t;

BIL_t Means the closing level of the Base Index in respect of CALCULATION DAY t;

BIL_{t-1} Means the closing level of the Base Index in respect of the CALCULATION DAY immediately preceding CALCULATION DAY t;

r_{t-1} Means (i) if CALCULATION DAY t falls prior to 2 April 2018, the sum of (a) the FEDERAL FUNDS RATE in respect of the CALCULATION DAY immediately preceding CALCULATION DAY t and (b) 0.04% (ii) otherwise the SOFR in respect of the CALCULATION DAY immediately preceding CALCULATION DAY t;

DC_{t-1,t} Means the number of Calendar Days from (but excluding) the CALCULATION DAY immediately preceding CALCULATION DAY t to (and including) CALCULATION DAY t;

Adj Means 0.85% (per annum);

Exp_{t-1} Means the exposure in respect of the CALCULATION DAY immediately preceding CALCULATION DAY t, calculated in accordance with the following formula:

$$\text{Exp}_{t-1} = \min \left(\text{Max Exposure}, \frac{\text{Target Volatility}}{RV_{t-2}} \right)$$

Where:

Max Exposure means 150%;

Target Volatility means 5%;

RV_{t-2} means the Realized Volatility (as defined in section 2.2) in respect to of the CALCULATION DAY immediately preceding the CALCULATION DAY immediately preceding CALCULATION DAY t.



2.2. REALIZED VOLATILITY CALCULATION

The REALIZED VOLATILITY in respect of each CALCULATION DAY t shall be calculated in accordance with the following formula:

$$RV_t = \max \left(\sqrt{\frac{252}{21} * \sum_{i=0}^{20} \left(\ln \left(\frac{BIL_{t-i}}{BIL_{t-i-1}} \right) \right)^2}, \sqrt{\frac{252}{63} * \sum_{i=0}^{62} \left(\ln \left(\frac{BIL_{t-i}}{BIL_{t-i-1}} \right) \right)^2} \right)$$

Where:

RV_t Means the Realized Volatility in respect of CALCULATION DAY t;

BIL_{t-i} Means the closing level of the Base Index in respect of the CALCULATION DAY falling i CALCULATION DAYS prior to CALCULATION DAY t;

BIL_{t-i-1} Means the closing level of the Base Index in respect of the CALCULATION DAY falling i+1 CALCULATION DAYS prior to CALCULATION DAY t.

2.3. ACCURACY

The level of the INDEX will be rounded to 2 decimal places.

2.4. RECALCULATION

SOLACTIVE makes the greatest possible efforts to accurately calculate and maintain its indices. However, errors in the determination process may occur from time to time for a variety of reasons (internal or external) and therefore, cannot be completely ruled out. SOLACTIVE endeavors to correct all errors that have been identified within a reasonable period of time. The understanding of "a reasonable period of time" as well as the general measures to be taken are generally dependent on the INDEX COMPONENT and are specified in the Solactive Correction Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/correction-policy/>.

2.5. MARKET DISRUPTION

In periods of market stress SOLACTIVE calculates its indices following predefined and exhaustive arrangements as described in the Solactive Disruption Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/disruption-policy/>. Such market stress can arise due to a variety of reasons, but generally results in inaccurate or delayed prices for



one or more INDEX COMPONENTS. The determination of the INDEX may be limited or impaired at times of illiquid or fragmented markets and market stress.



3. MISCELLANEOUS

3.1. DISCRETION

Any discretion which may need to be exercised in relation to the determination of the INDEX shall be limited to (i) exercising routine judgment (in the expert view of the INDEX ADMINISTRATOR) in the administration of the Index rules, provided, however, that such routine judgment does not include deviations or alterations to the Index rules that are designed to improve the financial performance of the Index, (ii) correcting errors in the implementation of the rules or calculations made pursuant to the rules, or (iii) making an adjustment to respond to an unanticipated event outside of SOLACTIVE's control.

3.2. METHODOLOGY REVIEW

The methodology of the INDEX is subject to regular review, at least annually. In case a need of a change of the methodology has been identified within such review (e.g. if the underlying market or economic reality has changed since the launch of the INDEX, i.e. if the present methodology is based on obsolete assumptions and factors and no longer reflects the reality as accurately, reliably and appropriately as before), such change will be made in accordance with the Solactive Methodology Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/methodology-policy/>.

Such change in the methodology will be announced on the SOLACTIVE website under the Section "[Announcement](https://www.solactive.com/news/announcements/)", which is available at <https://www.solactive.com/news/announcements/>. The date of the last amendment of this INDEX is contained in this GUIDELINE.

3.3. CHANGES IN CALCULATION METHOD

The application by the INDEX ADMINISTRATOR of the method described in this document is final and binding. The INDEX ADMINISTRATOR shall apply the method described above for the composition and calculation of the INDEX. However, it cannot be excluded that the market environment, supervisory, legal and financial or tax reasons may require changes to be made to this method. The INDEX ADMINISTRATOR may also make changes to the terms and conditions of the INDEX and the method applied to calculate the INDEX that it 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 ADMINISTRATOR is not obliged to provide information on any such modifications or changes. Despite the modifications and changes, the INDEX ADMINISTRATOR will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.



3.4. TERMINATION

SOLACTIVE makes the greatest possible efforts to ensure the resilience and continued integrity of its indices over time. Where necessary, SOLACTIVE follows a clearly defined and transparent procedure to adapt Index methodologies to changing underlying markets (see Section 3.2 "Methodology Review") in order to maintain continued reliability and comparability of the indices. Nevertheless, if no other options are available the orderly cessation of the INDEX may be indicated. This is usually the case when the underlying market or economic reality, which an index is set to measure or to reflect, changes substantially and in a way not foreseeable at the time of inception of the index, the index rules, and particularly the selection criteria, can no longer be applied coherently or the index is no longer used as the underlying value for financial instruments, investment funds and financial contracts.

SOLACTIVE has established and maintains clear guidelines on how to identify situations in which the cessation of an index is unavoidable, how stakeholders are to be informed and consulted and the procedures to be followed for a termination or the transition to an alternative index. Details are specified in the Solactive Termination Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/termination-policy/>.

3.5. SOFR UNAVAILABILITY AND CESSATION

(a) In the event that SOFR does not appear on the applicable price source at approximately 3:00 p.m., eastern standard time, on any Calculation Day, then SOLACTIVE will use for the calculation of the Index the most recent available SOFR published by the Federal Reserve Bank of New York.

(b) If SOLACTIVE determines that SOFR (1) is no longer representative as announced in a public statement or publication of information by the regulatory supervisor for the administrator of SOFR or (2) has been discontinued at any time, it will substitute for SOFR an industry-accepted substitute or successor rate (the "SOFR Successor Rate"), including any adjustment to or related spread on such SOFR Successor Rate, in each case in its sole discretion and in accordance with Section 3.6. In the event that SOLACTIVE determines, in its sole discretion, that there is no industry-accepted substitute or successor rate and that there are no quotations provided as described in Section 3.5(a), then, after consulting such sources as it deems reasonable, it will estimate SOFR in its sole discretion from time to time to use as the SOFR Successor Rate. Further, if SOLACTIVE subsequently determines, in its sole discretion, that an industry-accepted substitute or successor rate has emerged or otherwise become available, it will cease to estimate the SOFR Successor Rate and instead substitute such industry-accepted substitute or successor rate as provided in the first sentence of this Section 3.5(b).

If SOLACTIVE has determined a SOFR Successor Rate (including any such adjustment and/or spread) in accordance with the foregoing, SOLACTIVE in its sole discretion may also implement changes to the Index rules as it determines are appropriate to account for such change to the SOFR Successor Rate in a manner that is consistent with industry-accepted practices for the SOFR Successor Rate. Once SOLACTIVE chooses



a SOFR Successor Rate, such SOFR Successor Rate will be used in place of SOFR for all calculations, and the term "SOFR" as used in this methodology, shall be then deemed to refer to the SOFR Successor Rate.

3.6. OVERSIGHT COMMITTEE

An oversight committee composed of staff from SOLACTIVE and its subsidiaries (the "OVERSIGHT COMMITTEE") is responsible for decisions regarding any amendments to the rules of the INDEX. Any such amendment, which may result in an amendment of the GUIDELINE, must be submitted to the OVERSIGHT COMMITTEE for prior approval and will be made in compliance with the Methodology Policy, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/methodology-policy/>.

4. DEFINITIONS

"BENCHMARK REGULATION" shall have the meaning as defined in Section "Introduction".

"BMR" shall have the meaning as defined in Section "Introduction".

"BASE INDEX" means AI Powered US Equity Base Index.

"CALCULATION DAY" is any day on which both New York Stock Exchange (NYSE) and Nasdaq is open for trading.

"CLOSING PRICE" in respect of an INDEX COMPONENT and a TRADING DAY is a security's final regular-hours TRADING PRICE published by the EXCHANGE and determined in accordance with the EXCHANGE regulations. If the EXCHANGE has no or has not published a CLOSING PRICE in accordance with the EXCHANGE rules for an INDEX COMPONENT, the last TRADING PRICE will be used.

"EXCHANGE" means New York Stock Exchange (NYSE) and Nasdaq.

"EQUBOT" means EquBot Inc.

"FEDERAL FUNDS RATE" means the target interest rate set by the Federal Open Market Committee (FOMC) at which commercial banks borrow and lend their excess reserves to each other overnight.

"GUIDELINE" shall have the meaning as defined in Section "Introduction".

"INDEX" shall have the meaning as defined in Section "Introduction".

"INDEX ADMINISTRATOR" shall have the meaning as defined in Section "Introduction".

"INDEX COMPONENT" is each security reflected in the INDEX.

"INDEX CURRENCY" is the currency specified in the column "Currency" in the table in Section 1.2.

"LIVE DATE" shall have the meaning as defined in Section 1.3.

"OVERSIGHT COMMITTEE" shall have the meaning as defined in Section 3.6.

"REALIZED VOLATILITY" shall have the meaning as defined in Section 2.2.



"SECURED OVERNIGHT FINANCING RATE" or "SOFR" means the daily secured overnight financing rate as provided by the SOFR Administrator on the SOFR Administrator's Website.

"SOFR ADMINISTRATOR" means the Federal Reserve Bank of New York (or a successor administrator of SOFR).

"SOFR ADMINISTRATOR'S WEBSITE" means the website of the Federal Reserve Bank of New York, or any successor source.

"SOLACTIVE" shall have the meaning as defined in Section "Introduction".

"START DATE" shall have the meaning as defined in Section 1.3.

"TRADING DAY" is, with respect to an INDEX COMPONENT included in the INDEX at the REBALANCE DAY and every INDEX COMPONENT included in the INDEX at the CALCULATION DAY immediately following the REBALANCE DAY (for clarification: this provision is intended to capture the TRADING DAYS for the securities to be included in the INDEX as new INDEX COMPONENTS with close of trading on the relevant EXCHANGE on the REBALANCE DAY), a day on which the relevant EXCHANGE is open for trading (or a day that would have been such a day if a market disruption had not occurred), excluding days on which trading may be ceased prior to the scheduled EXCHANGE closing time and days on which the EXCHANGE is open for a scheduled shortened period. The INDEX ADMINISTRATOR is ultimately responsible as to determining whether a certain day is a TRADING DAY.

"TRADING PRICE" in respect of an INDEX COMPONENT and a TRADING DAY is the most recent published price at which the INDEX COMPONENT was traded on the respective EXCHANGE.

CONTACT

Solactive AG
German Index Engineering
Platz der Einheit 1
60327 Frankfurt am Main
Germany

Tel.: +49 (0) 69 719 160 00

Fax: +49 (0) 69 719 160 25

Email: info@solactive.com

Website: www.solactive.com

© Solactive AG