

# STRATEGY HANDBOOK

ETF KOMFORT  
ANLAGESTRATEGIE

## Table of Contents

1. Overview .....	3
2. Strategy Calculation .....	3
2.1. Portfolio Components .....	3
2.2. Sub-Strategies .....	5
2.2.1. Sub-Strategy 1 .....	5
2.2.2. Sub-Strategy 2 .....	5
2.3. Strategy .....	6
2.4. Accuracy .....	7
3. Strategy Principles .....	7
4. Strategy User .....	7
5. Strategy Owner .....	8
6. Advisory Board of the Strategy ("ABS") .....	8
7. Benchmark Administrator / Calculation Agent .....	8
8. Calculation during Market Disruption Events and Strategy Adjustments .....	8
8.1. Oversight Committee .....	9
8.2. Market Disruption Event .....	9
8.3. Strategy Adjustments .....	9
9. Historical Data .....	10
10. Contact .....	11
10.1. Strategy Owner .....	11
10.2. Benchmark Administrator .....	11
10.3. Calculation Agent .....	11
11. DISCLAIMER .....	12

Version history

#1	15 October 2024	Strategy launch and document release
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## 1. Overview

The **ETF Komfort Portfolio** (the “**Strategy**”) is a EUR-denominated quantitative investment strategy. The portfolio consists of a static allocation to bonds and a dynamic allocation to equity markets. Instruments used in the portfolio are exclusively funds, in particular Exchange Traded Funds (each an “**ETF**”). The **Advisory Board of the Strategy** (“**ABS**”) can provide non-binding advice for the **Strategy**, as further described below.

“**Strategy Calculation Days**” are all weekdays except Munich<sup>1</sup> holidays. Throughout the document, if “**t**” is a **Strategy Calculation Day**, then “**t-b**” refers to the preceding **Strategy Calculation Day**. In case of a holiday on a relevant exchange which is not a Munich holiday, the stale price from the prior available **Strategy Calculation Day** is used for the respective **Portfolio Component**. “**Strategy Business Days**” are all **Strategy Calculation Days**, on which all “**Portfolio Components**” are tradeable and their exchanges (fully or at least partially) open for business. *In case a contract payoff is linked to the Portfolio, the related contract shall not be tradable on this Strategy Business Day as the level of the Strategy is published for information purposes only.*

The **Strategy** reinvests dividends and/or other distributions of its **Portfolio Components**, taking into account taxes, if applicable and as further outlined below. The value of the **Strategy** is calculated on each **Strategy Calculation Day** (**t**). The input data used has a cut-off time of 8 a.m. CET.

The historical time-series of the **Strategy** starts on 2 January 2008 (the “**Strategy Start Date**”). The **Strategy** has an initial value of 100 EUR on its respective **Strategy Start Date**. The “**Strategy Live Date**”, which is the date the **Benchmark Administrator** began calculating the **Strategy** and will be recorded in accordance with Article 8 of the **Benchmark Regulation**<sup>2</sup>, is 15 October 2024.

The level of the **Strategy**, as determined by the **Calculation Agent**, will be reported on Bloomberg via the page ETFKOM <Index> or any successor financial information service as defined by the **Benchmark Administrator** in its sole and absolute discretion.

The level of the **Strategy**, as determined by the **Calculation Agent**, will be published on Bloomberg via the page ETFKOM <Index>, or on any successor financial information service as defined at the sole discretion of the **Benchmark Administrator**. The ISIN of the **Strategy** is DE000SLOJ0Q0.

## 2. Strategy Calculation

### 2.1. Portfolio Components

The **ETFs** selected as initial **Portfolio Components** are listed in the table below. The components on this list and their number may change in the future in accordance with the requirements outlined in the **Strategy Handbook**.

**Portfolio Components** can be of various types. Initially, these are exclusively **ETFs**, which are classified as securities. The **ETFs** used in the **Strategy** are included in the portfolio as **Security Components**.

<sup>1</sup> New Year’s Day, Epiphany, Shrove Tuesday, Good Friday, Easter Monday, Labour Day, Ascension Day, Whit Monday, Corpus Christi Day, Assumption Day, Day of German Unity, All Saints’ Day, Christmas Eve, Christmas Day, Christmas Holiday (St. Stephen’s Day), New Year’s Eve.

<sup>2</sup> Regulation (EU) 2016/1011 : <http://data.europa.eu/eli/reg/2016/1011/oj>

### Security Components

A **Security Component** is a continuously held position in a defined funded security. Each **Security Component** is denominated in the currency of the underlying security. If the security pays dividends, these are reinvested, considering taxes. Therefore, the daily net total returns of the security are used to calculate the daily levels of the **Security Component**.

#	Name	Exchange	Ticker Prefix <sup>3</sup>	Ticker Extension <sup>4</sup>	Offset $O_i$	Asset Class <sup>5</sup>	Type <sup>6</sup>	Dividends	Country	Sub-Strategy # <sup>k</sup>
i=1	iShares Core S&P 500	XETRA	SXR8	Equity	1	EQ	SEC	False	Germany	#1
i=2	Xtrackers Nikkei 225	XETRA	XNKY	Equity	1	EQ	SEC	False	Germany	#1
i=3	Xtrackers MSCI EM	XETRA	XMME	Equity	1	EQ	SEC	False	Germany	#1
i=4	Amundi S&P/ASX 200	XETRA	LYPU	Equity	1	EQ	SEC	True	Germany	#1
i=5	iShares Core EURO STOXX 50	XETRA	SXRT	Equity	1	EQ	SEC	False	Germany	#1
i=6	iShares Core FTSE 100	XETRA	SXRW	Equity	1	EQ	SEC	False	Germany	#1
i=7	Xtrackers Nasdaq 100	XETRA	XNAS	Equity	1	EQ	SEC	False	Germany	#1
i=8	Xtrackers Eurozone Govt Bond	XETRA	XGLE	Equity	1	FI	SEC	False	Germany	#2

Table 1: Portfolio Components

Country	Withholding tax rate
Germany <sup>7</sup>	26,375%

Table 2: Withholding tax rates

<sup>3</sup> Ticker as currently available on the market information service by Bloomberg L.P.

<sup>4</sup> Ticker as currently available on the market information service by Bloomberg L.P.

<sup>5</sup> EQ=Equities, FI=Fixed Income

<sup>6</sup> SEC=Security Component

<sup>7</sup> The German dividend withholding tax rate is 25%. However, a so called solidarity surcharge applies, bringing the total effective tax rate to 26.375%.

## 2.2. Sub-Strategies

The **Strategy** consists of two EUR-denominated **Sub-Strategies**.

### 2.2.1. Sub-Strategy 1

**Sub-Strategy 1** consists of an international selection of equity ETFs, all denominated in EUR. The allocation is updated at the beginning of each month based on trend signals ("**Momentum**"), which are derived from the past performance of each **Portfolio Component**.

**Momentum** is calculated by dividing the most recent price of a **Portfolio Component** by its 250-day simple moving average and subtracting 1. The evaluation occurs with a lag of one Strategy Business Day. **Sub-Strategy 1** ranks its **Portfolio Components** according to their **Momentum** value, from 'strongest' (high cross-sectional **Momentum** value) to 'weakest' (low cross-sectional **Momentum** value). Each **Portfolio Component** is then assigned a target weight (the "**Rank Weight**"), with the component having the 'weakest' **Momentum** receiving a **Rank Weight** of 0. **Rank Weights** increase incrementally for stronger **Momentum** values until the entire notional value is fully allocated across the **Portfolio Components**. Refer to Table 3 for ranks and their respective **Rank Weights**.

Rank	Rank Weight
1	$\frac{6}{21}$
2	$\frac{5}{21}$
3	$\frac{4}{21}$
4	$\frac{3}{21}$
5	$\frac{2}{21}$
6	$\frac{1}{21}$
7	0

Table 3: Rank Weights of Sub-Strategy 1

The **Rank Weights** determined on a **Rebalancing Day** are converted into units of the relevant **Portfolio Component**. These units are then implemented on the next possible **Strategy Business Day** and remain constant until the subsequent **Rebalancing Day**.

The level of the **Sub-Strategy** from one **Strategy Business Day** to the next is calculated as the sum of: a) the **Sub-Strategy** value on the preceding **Strategy Business Day**, and b) the price change of each **Portfolio Component**, multiplied by the number of **Portfolio Components** held on the preceding **Strategy Business Day**.

### 2.2.2. Sub-Strategy 2

**Sub-Strategy 2** provides bond exposure. The target weights for the respective **Portfolio Components** remain constant. On the **Rebalancing Day**, which occurs at the beginning of each month, the target weights are converted into units of the relevant **Portfolio Components** and implemented on the next available **Strategy Business Day**. The units remain unchanged until the following **Rebalancing Day**.

The level of the **Sub-Strategy** from one **Strategy Business Day** to the next is calculated as the sum of: a) the **Sub-Strategy** value on the preceding **Strategy Business Day**, and b) the price change of each **Portfolio Component**, multiplied by the number of **Portfolio Components** held on the preceding **Strategy Business Day**.

## 2.3. Strategy

### Description

The **Strategy** combines the two **Sub-Strategies** into one portfolio. It is rebalanced and reweighted on a monthly basis. The **Strategy** starts on its **Strategy Start Day** with a value of 100 EUR.

The target weights for the two **Sub-Strategies** in the **Strategy** portfolio remain constant and are reset on each monthly **Rebalancing Day**. These weights are converted into units of the relevant **Portfolio Component** and implemented on the next possible **Strategy Business Day**. These units remain unchanged until the following **Rebalancing Day**.

#	$W_k$
k=1	80%
k=2	20%

Table 4: Target weights for the Sub-Strategies in the portfolio of the Strategy

### Transaction Costs

**Transaction Costs** are reflected in the performance of the **Strategy**. The calculation depends on the type of the instrument (funded or unfunded). Initially, only funded instruments are part of the portfolio.

#	Name	Ticker Prefix	Ticker Extension	Currency	BPS <sub>i</sub>
i=1	iShares Core S&P 500	SXR8	Equity	EUR	6
i=2	Xtrackers Nikkei 225	XNKY	Equity	EUR	6
i=3	Xtrackers MSCI EM	XMME	Equity	EUR	6
i=4	Amundi S&P/ASX 200	LYPU	Equity	EUR	6
i=5	iShares Core EURO STOXX 50	SXRT	Equity	EUR	6
i=6	iShares Core FTSE 100	SXRW	Equity	EUR	6
i=7	Xtrackers Nasdaq 100	XNAS	Equity	EUR	6
i=8	Xtrackers Eurozone Gvt Bond	XGLE	Equity	EUR	6

Table 5: Transaction Costs per Portfolio Component

**Transaction Costs** are reflected in the performance of the **Strategy**. Whenever the **Strategy** trades a **Portfolio Component**, a transaction fee of a defined number of basis points (“BPS”) is charged for the adjusted position nominal. Refer to Table 5 for the **Transaction Costs** of the respective **Portfolio Component**.

### *Portfolio Management Fee*

The **Portfolio Management Fee** is 15 basis points (0,15%) and is reflected in the **Strategy’s** performance through a negative drift, calculated using the actual/360 day count convention.

### *Strategy Calculation*

On the **Strategy Start Date**, the **Strategy** is initialized with 100 EUR. On all subsequent **Strategy Business Days**, the **Strategy** value is updated as the sum of: a) the **Strategy** value from the prior **Strategy Business Day**, b) the **Portfolio Management Fee** of (minus) 15 basis points, calculated using the actual/360 day count convention and applied to the prior **Strategy Business Day’s** value, c) the price change of each **Sub-Strategy** multiplied by the units of the respective **Sub-Strategy** held on the prior **Strategy Business Day**, and d) any potential **Transaction Costs** deducted.

## 2.4. Accuracy

The daily closing price of the **Strategy** will be rounded to two decimal places.

## 3. Strategy Principles

The **Strategy** is designed to reflect the performance of the investment approach outlined in this **Strategy Handbook**. It is denominated in EUR and reinvests any distributions from Portfolio Components, after applicable taxes or similar deductions. The investment universe consists of two asset classes: liquidly tradable bonds and equities. The portfolio composition, including multiple asset classes, aims to provide diversification. The **Strategy** follows a rule-based allocation approach for its **Portfolio Components**, which is updated on a monthly basis. The equity investment strategy should ideally be applied using distinct regional or thematic stock portfolios, each represented by a fund/ETF, while taking into account the eligibility requirements as described below and adhering to this **Strategy Principles**.

Each **Portfolio Component** shall have sufficient **Market Liquidity**, which ideally includes: (1) favorable liquidity characterized by reasonable bid/ask spreads and order book volumes (compared to peers); (2) tradability, ensuring availability on regulated exchanges, preferably including ETP trading venues; and (3) the presence of an active secondary market for instruments linked to their reference benchmarks. The appropriateness of **Market Liquidity** should be evaluated in the context of the liquidity bucket of the considered equity market/theme, as well as market conditions and market phases.

The portfolio of the **Strategy** is constituted to provide a **Risk Profile** that is similar to the one observed in the time series between the **Strategy Start Date** and the **Strategy Live Date**.

## 4. Strategy User

The **Strategy User** is VOLKSWOHL BUND Lebensversicherung a.G. („VOLKSWOHL BUND“). In this role, the **Strategy User** (together with the **Strategy Owner**) forms the **Advisory Board of the Strategy** („ABS“), as defined below.



## 5. Strategy Owner

The **Strategy Owner** is Munich Reinsurance Company (“**Munich Re**” or “**Strategy Owner**”). The **Strategy Owner** will retain all ownership rights, expressed or otherwise, with respect to the **Strategy**, including the ability to license, sell or transfer any or all of its ownership rights with respect to the **Strategy**.

The **Strategy Owner** has appointed an independent **Benchmark Administrator** and an independent **Calculation Agent** to maintain and calculate the **Strategy**. The **Strategy Owner** may in the future terminate the appointment of the **Benchmark Administrator** and/or the **Calculation Agent** and appoint a replacement **Benchmark Administrator** and/or **Calculation Agent**.

## 6. Advisory Board of the Strategy (“ABS”)

The **ABS** is formed by the **Strategy User** VOLKSWOHL BUND and the **Strategy Owner** Munich Re.

The **ABS** can provide advice on topics related to the **ETF Komfort NEXT** portfolio strategy, which is administered by the **Benchmark Administrator**. It functions as an advisory body based on the basic principles outlined in this **Strategy Handbook**.

The **ABS** does not take binding decisions on behalf of the **Benchmark Administrator**. It is composed of employees or representatives appointed by the **Strategy User** and the **Strategy Owner**. Regular advisory board meetings are held once per year. Extraordinary meetings may be requested by any **ABS** member if necessary but are convened only with mutual consent from both parties. The **ABS** continuously monitors the alignment with the requirements to the **Strategy** and its **Portfolio Components** as described in the **Strategy Principles** (Section 3).

## 7. Benchmark Administrator / Calculation Agent

The **Strategy Owner** has entrusted the day-to-day management and maintenance of the **Strategy** to an **Benchmark Administrator** (the “**Benchmark Administrator**”), who will also fulfil the function of the **Calculation Agent** (the “**Calculation Agent**”).

The **Benchmark Administrator** is currently Solactive AG.

The **Benchmark Administrator** will maintain and employ the rules, procedures and methodology described in this document. This includes the implementation of changes to the **Strategy** and/or to the methodology under the instruction of the Oversight Committee (as defined below). The **Benchmark Administrator** is responsible for the publication of the values of the **Strategy** determined by it as well as any further publication in relation to the **Strategy**.

Subject to the terms set out in this document, any determination by the **Benchmark Administrator** will be made in its sole and absolute discretion by reference to such factors as it deems appropriate at such time. Any such determination by the **Benchmark Administrator** will, in the absence of manifest error, be final, conclusive and binding.

No assurance can be given that market, regulatory, juridical or fiscal circumstances will not arise that would, in the view of the **Oversight Committee**, make a modification or change of the methodology necessary, which then would have to be implemented by the **Benchmark Administrator**.

## 8. Calculation during Market Disruption Events and Strategy Adjustments

The **Benchmark Administrator** may - acting in accordance with the instructions of the **Oversight Committee** and in accordance with the terms of this document – adjust the calculation of, delay or suspend the **Strategy**. Any such calculation adjustment, delay, suspension or non-publication may have a negative impact on any instruments linked to the **Strategy**.

## 8.1. Oversight Committee

The “**Oversight Committee**” is composed of staff from the **Benchmark Administrator**. The **Oversight Committee** is responsible for decisions regarding any amendments to the rules of the **Strategy**.

Any such amendment, which may result in an amendment of the **Strategy Handbook**, 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 **Benchmark Administrator**’s website: <https://www.solactive.com/documents/methodology-policy/>.

## 8.2. Market Disruption Event

In periods of market stress the **Benchmark Administrator** calculates its indices following predefined and exhaustive arrangements as described in the **Benchmark Administrator’s Disruption Policy**, which is incorporated by reference and available on the **Benchmark Administrator’s** 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 **Portfolio Components**. The determination of the **Strategy** may be limited or impaired at times of illiquid or fragmented markets and market stress.

## 8.3. Strategy Adjustments

### *Strategy Modification*

The methodology of the **Strategy** is subject to regular review, at least annually. In this context, the **Strategy Owner** and/or the **Strategy User** may make suggestions to the **Benchmark Administrator**, which are then reviewed by the **Benchmark Administrator**. In case a need of a **Strategy Modification** has been identified within such review (e.g. if the underlying market or economic reality has changed since the launch of the **Strategy**, 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 **Benchmark Administrator’s Methodology Policy**, which is incorporated by reference and available on the **Benchmark Administrator’s** website: <https://www.solactive.com/documents/methodology-policy/>.

### *Strategy Correction*

The **Benchmark Administrator** makes the greatest possible efforts to accurately calculate and maintain its benchmarks and reference values. However, errors in the determination process may occur from time to time for variety reasons (internal or external) and therefore, cannot be completely ruled out.

The **Benchmark Administrator** 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 depending on the underlying and is specified in the **Benchmark Administrator’s Correction Policy**, which is incorporated by reference and available on the **Benchmark Administrator’s** website: <https://www.solactive.com/documents/correction-policy/>.

### *Publication of Strategy Adjustments*

Any **Strategy Adjustments**, including changes to the **Portfolio Components**, changes to the methodology or a cancellation of the **Strategy**, as decided by the **Oversight Committee** and implemented by the **Benchmark Administrator**, will be publicly announced by the **Benchmark Administrator** as promptly as is reasonably practicable and normally at least 60 **Strategy Business Days** prior to the effective date of such change(s).

All public announcements and changes in the **Strategy** will be reported in the Appendix of this **Strategy Handbook** and announced on the **Benchmark Administrator’s** website under the Section “Announcement”, which is available at: <https://www.solactive.com/documents/methodology-policy/>.

### *Cancelation of the Strategy*

The **Benchmark Administrator** has established and maintains clear guidelines on how to identify situations in which the cessation of the **Strategy** 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 investment strategy. Details are specified in the **Benchmark Administrator's Termination Policy**, which is incorporated by reference and available on the **Benchmark Administrator's** website: <https://www.solactive.com/documents/termination-policy/>.

## 9. Historical Data

The values of the **Strategy** between the **Strategy Start Date** and the **Strategy Live Date** have been determined by reference to historical data and must be considered as simulated and thus purely hypothetical. It is provided as an illustration of how the **Strategy** would have performed during the period had the **Calculation Agent** began calculating the **Strategy** on the **Strategy Start Date** using the methodology described in this document. This data does not reflect actual performance, nor was a contemporaneous investment model run of the **Strategy**. Whilst any such methodology or assumption is, in the view of the **Strategy Owner**, reasonable, the use of historical data may result in material differences between the simulated performance of the **Strategy**, prior to the **Strategy Live Date**, and any subsequent actual performance. The **Strategy** history before the **Strategy Live Date** has been determined by the **Strategy Owner** and has only partially been verified by the **Calculation Agent**.

Historical values of the **Strategy** for the period from and after the **Strategy Live Date** are calculated with reference to the official closing values of the **Portfolio Components** determined based on the latest available data published by the relevant exchanges and/or benchmark administrators and/or as delivered via the employed information systems.

Past performance of the **Strategy** is not a reliable guide to future performance and the past performance of the **Strategy** may have been determined on terms different to those described in this **Strategy Handbook**. No assurance, representation or warranty is given of the future performance of the **Strategy** or that it will achieve its objective. Instruments linked to the **Strategy** can fluctuate in price or value and prices, values or income may fall against the interests of any investor exposed to the performance of the **Strategy**. Changes in rates of exchange, rates of interest and prices of any **Portfolio Components**, among other things, may have an adverse effect on the value of the **Strategy**.

## 10. Contact

### 10.1. Strategy Owner

The **Strategy Owner** can be contacted at the following address:

Munich Reinsurance Company

Markets

Königinstrasse 107

80802 Munich

Germany

Internet: <http://www.munichre.com>

### 10.2. Benchmark Administrator

The **Benchmark Administrator** can be contacted at the following address:

Solactive AG

Platz der Einheit 1

60327 Frankfurt am Main

Germany

Internet: <http://www.solactive.com>

### 10.3. Calculation Agent

The **Calculation Agent** can be contacted at the following address:

Solactive AG

Platz der Einheit 1

60327 Frankfurt am Main

Germany

Internet: <http://www.solactive.com>

## 11. DISCLAIMER

THE STRATEGY OWNER, THE STRATEGY USER, THE BENCHMARK ADMINISTRATOR AND THE CALCULATION AGENT MAY EACH BE SUBJECT TO A NUMBER OF CONFLICTS OF INTEREST IN CONNECTION WITH THEIR ROLE AND SERVICES PERFORMED WITH RESPECT TO THE STRATEGY. IN THE EVENT THAT SUCH CONFLICTS ARISE, THE STRATEGY OWNER, THE STRATEGY USER, THE BENCHMARK ADMINISTRATOR AND THE CALCULATION AGENT SHALL USE THEIR REASONABLE ENDEAVOURS TO RESOLVE SUCH CONFLICTS OF INTEREST FAIRLY (HAVING REGARD TO THEIR RESPECTIVE OBLIGATIONS AND DUTIES).

ALTHOUGH THE STRATEGY OWNER, THE STRATEGY USER, THE BENCHMARK ADMINISTRATOR AND THE CALCULATION AGENT, AS APPLICABLE, WILL EACH OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE PROVISION OF THE STRATEGY FROM SOURCES WHICH THE STRATEGY OWNER OR THE BENCHMARK ADMINISTRATOR CONSIDERS RELIABLE, NEITHER THE STRATEGY OWNER NOR THE STRATEGY USER NOR THE BENCHMARK ADMINISTRATOR NOR THE CALCULATION AGENT WILL INDEPENDENTLY VERIFY SUCH INFORMATION AND OR GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE STRATEGY OR ANY DATA INCLUDED THEREIN. THE STRATEGY IS COMPILED BY THE BENCHMARK ADMINISTRATOR AND CALCULATED BY THE CALCULATION AGENT. POTENTIAL INVESTORS SHOULD BE AWARE THAT THE BENCHMARK ADMINISTRATOR HAS A NUMBER OF SIGNIFICANT DISCRETIONS IN RELATION TO THE PROVISION OF THE STRATEGY.

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