Index Guidelines relating to the

"Diversified Option Index"

ISIN: DE000A2X1591

Version 1.0 dated 02.07.2019
Important Information

This document (the "Index Guidelines") contains the general principles of the Diversified Option Index (the "Index") as of 02.07.2019.

It should be noted that the general principles of the Index may be updated or amended from time to time. In managing the Index, LIXX GmbH (the "Index Administrator") will, employ the methodology described herein and its application of such methodology shall be conclusive and binding. No assurance can be given that fiscal, market, regulatory, juridical, financial or other circumstances will not arise that would, in the view of the Index Administrator, necessitate or make desirable a modification of or change to such methodology and the Index Administrator shall be entitled to make any such modification or change any of the provisions of the Index as set out in the general rules of the Index as it deems fit. The Index Administrator may also make modifications to the terms of the Index in any manner that it may deem necessary or desirable, including (but not limited to) to correct any manifest or proven error to cure, correct or supplement any ambiguity or defective provision contained in this description of the Index. Any such modification or change will take effect accordingly and will be deemed to update these general rules of the Index from its effective date.

All information provided in the Index Guidelines is for information purposes only and no warranty is made as to its fitness for purpose, satisfactory quality or otherwise. The Index Administrator strives to the best of its ability to ensure that all information given is accurate, but the Index Administrator cannot accept any responsibility or liability (except in cases of gross negligence or wilful misconduct on the part of the Index Administrator) for any errors or omissions, or for any loss arising out of the use of this information.

The information presented herein has been prepared on the basis of the publicly available information, internally developed data or other third-party sources believed to be reliable. All opinions and views constitute judgments as of the date of the writing and are subject to change at any time without notice.

There is no obligation for the Index Administrator to advise third parties, including investors and/or financial intermediaries, of any errors in the Index.

This document is not an invitation to make an investment in a product based on the Index nor does the information, recommendations or opinions expressed herein constitute an offer for sale of such a product.
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1. DEFINITIONS

Allocation Criteria are set out in Annex 2

Business Day a day (other than a Saturday or Sunday) on which the commercial banks in Dusseldorf, Germany are open for general business

Composition Criteria are set out in Annex 2

Index Diversified Option Index

Index Allocation is specified in Section 3.4

Index Administrator LIXX GmbH, a limited liability company (Gesellschaft mit beschränkter Haftung) under the law of the Federal Republic of Germany, registered with the commercial register (Handelsregister) of the local court (Amtsgericht) of Düsseldorf under HRB 81816, with the principal place of business at Bilker Allee 176c, 40217 Düsseldorf, Germany

Index Allocator Method Investments & Advisory Ltd.

Index Component each financial instrument currently included in the Index

Index Currency EUR

Index Level level of the Index on any Index Valuation Date calculated in accordance with the formula in Section 4

Index Notional is specified in Section 4.4

Index Sponsor Method Investment & Advisory Ltd.

Index Start Date 02.07.2019

Index Universe financial instruments, which may be selected as Index Components, as listed in Annex 1

Index Valuation Date each Business Day

Initial Index Level 1,000

Platform is specified in Section 2.4

Reference Account a custody account made available by a certain user of the Index, on which the user replicates the Index through investments into the Index Components. The Reference Account is used to
determine prices, fees and taxes used for the calculation of the Index according to Section 4

U2775957 with custodian Interactive Brokers

Reference Market is specified in Section 3.2

Reference User a certain user of the Index who agreed to make available his custody account, where he replicates the Index, to the Index Administrator for the purpose of making determination for the Index. The Reference User has agreed to implement all Index Allocations in a timely and consistent manner

Valuation Time for the respective Index Component, the time the custodian of the Reference Account uses to produce the end of day account statements for a business day
2. TECHNICAL SPECIFICATIONS

2.1 Name and ISIN

The name of the Index is Diversified Option Index. The Index is distributed under ISIN DE000A2X1591.

2.2 Index Start Date; Initial Index Level

The Index will be established on Index Start Date with an Initial Index Level.

2.3 Index Type

The Index is a total return index, i.e. any distributions received by an Index Component on the Reference Account (e.g. coupon payments, redemptions, dividends or otherwise) will be credited to the cash component for further allocation to an Index Component.

2.4 Publication and Distribution

The Index Guidelines, the Index Components and any further information on the Index will be published by the Index Administrator on the website www.instifolio.com the platform "Instifolio" (the "Platform") on a delayed basis. The Platform is a password protected online platform for viewing by institutional investors, who has purchased an appropriate licence from the Index Administrator.

2.5 Prices and Calculation Frequency

The Index is calculated on each Index Valuation Date. The Index calculation is based on the valuation of the respective Index Components on the Reference Account. The Index Administrator will take appropriate steps to avoid a disruption to the process of the provision of the Index. However, in the event that relevant data cannot be obtained, the Index Administrator will not publish the Index.

2.6 Historical Data

Historical data will be recorded in accordance with applicable law.

2.7 Licensing

Licences to use the Index are issued by the Index Administrator.
3. INDEX METHODOLOGY

3.1 Objective

The objective of the Index is to reflect the performance an investor can achieve through the strategy of the Index Allocator in the Reference Market (as defined in Section 3.2 below).

3.2 Reference Market

A Rule Based Multi Asset Trading Strategy. The strategy aims to achieve long-term capital appreciation systematically selling volatility and time-decay via algorithmic trading. Option sellers collect premiums in exchange for the risk of suffering losses if the realized volatility overcomes the expected volatility. The strategy is covered to protect from these tail risk scenarios and avoid losses in case of significant movements of the underlying. The strategy uses the “short strangle” (underwriting of a out-of-the-money put and a out-of-the-money call on the same underlying and expiration date). The peculiarity of the certificate is the coverage of the losses on options with an underlying future position that neutralize the effect. The strategy diversifies risk by collect premiums on a broad variety of markets and asset classes. The investment strategy is uncorrelated to most asset classes and provides diversification to investment portfolios. The strategy principally operates in the following markets and related options: E-mini S&P500, E-Mini Nasdaq, Mini Russell 2000, Mini Dow-Jones, Eurostoxx50, EUR Future, Canadian Future, Yen Future, Aud Future, GBP Future, Gold, Nat Gas, Crude oil, Co-coa, Live Cattle, Lean Hogs, Sugar, Soybean, Soybean Oil, Corn, Wheat, Red Winter Wheat, Treasury Bond, Treasury Note and Bund Future (the "Reference Market"). The strategy could also operate with vix and vstox and related product in order to cover negative Vega risk that overcomes from options selling.

3.3 Administration of Index and Regulatory Status

The Index is maintained and published by the Index Administrator and sponsored by the Index Sponsor. The Index is not designed as an "index" pursuant to Regulation (EU) 2016/2011 of the European Parliament and the Council of 8 June 2016 (the Benchmark Regulation).

3.4 Index Composition and Adjustments of Index

On the Index Start Date, the Index will comprise 100% cash in Index Currency.

After the initial publication of the Index on the Index Start Date, the Index Allocator has the right, but not the obligation, in order to reflect the changing economics of the Reference Market over time and better to achieve the objective of the Index at any time and at its reasonable discretion, to recommend an existing Index Component to be reweighted (including to 0%) or replaced entirely by one or more new Index Components, or for a new Index Component to be added to the Index from the Index Universe (each an "Index Allocation"). The Index Allocator will consider the Allocation Criteria and Composition Restrictions set out in Annex 2.

Any Index Allocation are deemed to be approved by the Index Administrator. The Index Administrator may withdraw its approval of an Index Allocation where such Index Allocation:
(i) does not adhere to the Index Guidelines;
(ii) would cause the Reference User to be subject to any restrictions on buying and/or selling hedge instruments replicating the corresponding Index Components as a result of any applicable laws, regulations, or other operational restrictions applicable to the Reference User;
(iii) is or, in the opinion of the Index Administrator, could be, contrary to any corporate social responsibility policy maintained by the Index Administrator, or any of its affiliates.

In case the Index Administrator withdraws its approval, the Index Allocator will issue a new Index Allocation in order to rectify the composition of the Index.

An Index Allocation will take effect once it has been implemented on the Reference Account. Any Index Allocation will be based on prices of the transactions on the Reference Account.

In case of an Index Allocation, the Index Administrator will publish the adjusted composition of the Index on the Platform, as soon as reasonably practicable after such Index Allocation has been implemented on the Reference Account.

3.5 Data Sources

Identification of Index Components and their weightings are based on recommendations by the Index Allocator. Determinations for the Index calculations according to Section 4 are based on the Reference Account.
4. **CALCULATION OF THE INDEX**

4.1 **Index Formula**

On each Index Valuation Date, the Index Administrator will calculate the Index Level according to the following formula:

\[
\text{Index Level}_{t=0} = \text{Initial Index Level}
\]

For \( N_t = 0 \): \( \text{Index Level}_{t} = \text{Index Level}_{t-1} \)

For \( N_t \neq 0 \): \( \text{Index Level}_{t} = \frac{\sum_{i=1}^{K} U_{i,t} \times P_{i,t} - A_t - F_t + S_t}{N_t} \times \text{Initial Index Level} \)

where:

- Index Level\(_t\) means the Index Level on Index Valuation Date \( t \)

- \( U_{i,t} \) means the number of units respectively notional of Index Component \( i \) at the Valuation Time on Index Valuation Date \( t \), as reasonable determined by the Index Administrator and based on the Reference Account

- \( P_{i,t} \) means the valuation of Index Component \( i \) at the Valuation Time on Index Valuation Date \( t \) in the Index Currency, as reasonable determined by the Index Administrator and based on the Reference Account

- \( A_t \) means an amount as reasonable determined by the Index Administrator on Index Valuation Date \( t \) reflecting all custody fees, broker fees, interest expenses, taxes and any other fee due or payable by the Reference User on the Reference Account

- \( F_t \) means the amount of the accrued Index Fees (as determined in Section 4.3) on Index Valuation Date \( t \), as reasonable determined by the Index Administrator

- \( S_t \) means any additional amount invested into the Reference Account or any investment amount withdrawn from the Reference Account by the Reference User, which has been committed but not yet been booked in the Reference Account

- \( N_t \) means the Index Notional on Index Valuation Date \( t \) (as determined in accordance with Section 4.4)

- \( K \) means the number of Index Components on Index Valuation Date \( t \)
4.2 **Accuracy**

The Index Level will be rounded down to two decimal places.

4.3 **Index Fees**

The Index Fee (F_t), which will be deducted from the Index Level and lead to a reduction of cash or cash like Index Components on each Index Valuation Date, is equal to the sum of:

1) product of (i) 2%, (ii) Index Level_t, and (iii) the number of calendar days between Index Valuation Date t-1 and Index Valuation Date t divided by 365; and

2) an amount equal to the following formula:

\[PF \times \max(0, \text{Index Level}_t - \text{Watermark}_{t-1})\] and Watermark_0 = Watermark_1 = Initial Index Level

where:

Watermark_{t-1} means the maximum of Index Level_t on any Index Valuation Date since the Index Start Date up to (and including) Index Valuation Date t-2 (Watermark_{t-1} will be calculated on the daily basis); and

PF means 20% (subject to a Watermark calculated on the daily basis).

4.4 **Index Notional**

The Index Notional (N_t) is equal to the Initial Index Notional_{t-1} plus any Increase of the Index Notional minus any Decrease of the Index Notional, each on an Index Notional Reflection Date.

Where:

Initial Index Notional_{t-1} means the amount invested or committed to invest into the Reference Account by the Reference User on the Index Start Date

Increase of the Index Notional means the additional amount invested into the Reference Account by the Reference User multiplied with the fraction between the Initial Index Level and the Index Level on the Commitment Date

Commitment Date means the date on which the Reference User commits to add or to withdraw funds from the Reference Account (and such date may be prior to the actual settlement date of such funds).

Decrease of the Index Notional means the investment amount withdrawn (noted as positive number) from the Reference Account by the Reference multiplied with the fraction between the Initial Index Level and the Index Level on the Commitment Date

Index Notional Reflection Date means the Commitment Date
4.5 Adjustments to Systematic Changes

Any distributions received by an Index Components on the Reference Account (e.g. coupon payments, redemptions, dividends or otherwise) will be allocated to the Index, and in case of negative interest rates or interest due for a negative cash position, will be deducted from the Index, as observed on the Reference Account. Corporate actions will be considered as observed on the Reference Account.

4.6 Index Continuity

The Index Administrator may not calculate and publish the Index:

(i) in case of missing, insufficient, inaccurate or unreliable input data for any of the required data to calculate the Index,
(ii) if the custodian of the Reference Account has not calculated its net asset value; or
(iii) the Index Administrator has not received notice from the Reference User regarding the Index Notional.

The decision will be taken at the discretion of the Index Administrator. In case the standards as set out are not fulfilled for a considerable time, the Index Administrator, to protect users of the Index, will publish such information either by amending the Index Guidelines, or on its website. Where appropriate, the Index Administrator will consult experts to make the decision.
5. CONTACT DATA

Information regarding the Index

LIXX GmbH

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40217 Düsseldorf

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Annex 1: Index Universe

Index Components Instrument List


- Cash held with credit institutions in the European Union or the European Economic Area.
Annex 2: Allocation Criteria; Composition Restrictions

Allocation Criteria:

Index Allocation Criteria Description, e.g.: The Index Allocator employs a proprietary quantitative rule based and systematic algorithm in order to determine the allocations to the Index Components and the sectors such Index Components represents or offers exposure to.

From the Index Universe, the algorithm chooses such components which fulfill the Index Component Selection Criteria. The strategy's objective is to produce buy and sell signals of different market indices and equities. Based on these identified signals, the strategy allocates the component to the Index.

The allocation model derives the allocations to each Index Component based on price activity, liquidity, applicable technical data inputs, volatility, technical indicators, market access costs and other relevant factors.

In addition, cash holdings within the Index can be represented through highly liquid money market funds or foreign exchange spot positions. When the selection model detects a new signal, the Index Components will be reweighted. The regular screening for signals is done on a continuous basis.

Composition Restrictions

The number of Index Components within the Index may vary over the time.

Each Index Component besides cash must have a weighting between 0% and 100%.