Index Guidelines relating to the

*ISF Hidden Champions Deutschland*

ISIN: DE000A2G9710

(“Index Guidelines”)

Version 1.0 dated 29.11.2017
Important Information

The general principles of the ISF Hidden Champions Deutschland Index (the "Index") as of 29.11.2017 are set out below.

It should be noted that the general principles of the Index may be updated or amended from time to time. In managing the Index, 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.

This document is communicated by the Index Administrator. All information provided herein is for information purposes only and no warranty is made as to its fitness for purpose, satisfactory quality or otherwise. Every effort has been made to ensure that all information given is accurate, but no responsibility or liability (including in negligence) can be accepted by the Index Administrator for errors or omissions or for any losses arising from 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.

This document is not an invitation to make an investment in a product based upon the Index (an "Index Linked Product") nor does the information, recommendations or opinions expressed herein constitute an offer for sale of an Index Linked Product.
# Table of Contents

Introduction .................................................................................................................. 4

1. INDEX Description ..................................................................................................... 4

2. Index Methodology ..................................................................................................... 8

3. Calculation of the Index ........................................................................................... 10

4. Contact Data ............................................................................................................. 13
INTRODUCTION

This document contains the underlying principles and regulations regarding the structure and the operations of the Index. The Index is the sole property of the Index Sponsor. LIXX as the Index Administrator and Index Calculation Agent strives to the best of its ability to ensure the correctness of its mechanism and calculation. There is no obligation for LIXX – irrespective of possible obligations to issuers – to advise third parties, including investors and/or financial intermediaries, of any errors in the Index. This document is to be used as a guideline with regard to the composition, calculation and management of the Index. Any changes made to the Index Guidelines are initiated by the Index Administrator.

The calculation and publication of the Index by LIXX is no recommendation for capital investment and does not contain any assurance or opinion regarding a possible investment in a financial instrument based on this Index. The Index is designed as an investable Index and therefore adjusted for performance deviations while replicating the Index.

1. INDEX DESCRIPTION

1.1 Summary of Index Specifications

<table>
<thead>
<tr>
<th>Reference Market</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Funds whose investment objective is to invest predominantly into stocks and equity related financial instruments with focus of German companies in the small- and medium cap segment.</td>
<td>The objective of the Index is to reflect the performance an investor can achieve through investing into such Investment Funds from the Reference Market, in which supposedly hidden champion companies can be found. Hidden champions are companies that tend to be market leaders in their segment and often tend to take leading roles in the markets with their special products. In order to reflect the economic reality given by factors such as availability of instruments, reinvestments of maturing instruments and portfolio size, Index Components may be amended and their weighting adjusted over time.</td>
</tr>
</tbody>
</table>
**Administration of Index and regulatory status**
The Index is calculated, maintained, rebalanced and published by the Index Administrator and sponsored by the Index Sponsor. The Index is maintained and rebalanced following recommendations provided by the Index Allocator.

For the time being the Index is considered a "non-significant benchmark" within the meaning of Article 3 para 1 (27) Regulation (EU) 2016/2011 of the European Parliament and the Council of 8 June 2016 ("Benchmark Regulation"). The Index is administrated in accordance with the applicable provisions of the Benchmark Regulation and the applicable delegated regulations. The Index Administrator may, at its own discretion, choose not to apply some or all non-mandatory, waivable obligations in accordance with Article 26 of the Benchmark Regulation.

**Universe of Index Components**
Investment Funds whose investment objective is to invest predominantly into stocks and equity related financial instruments with focus of German companies in the small- and medium cap segment. Permitted Index Components are funds with assets under management of at least EUR 50 million at the date of entering the Index, which have a price publication of a maximum of t+2 and an order cut-off of at the earliest t-1 and which are authorized for distribution in Germany.

**Index Components and their selection**
The selection of funds is executed by using a trend following algorithm, details are described in chapter 2.2 Index Components and their selection.

**Allocation of Index Components**
The allocation of funds is executed by using the results of a trend following algorithm. The weights of the Index Components are executed by the Index Administrator within the criteria described herein upon recommendation of the Index Allocator pursuant to the terms of an index allocation agreement ("Index Allocation Agreement").

**Methodology**
The methodology of the Index is set out in Section 2 (Index Methodology).

**Technical Specifications**
The reference currency of the Index is EUR, the Index is calculated on a daily basis. The Index will not use leverage.

The Index is a Total Return Index, i.e. dividends or coupon payments will be reinvested in the Index.
1.2 Name and ISIN
The name of the Index is ISF Hidden Champions Deutschland. The Index is distributed under ISIN DE000A2G9710.

1.3 Initial Index Value
The Index will be established on 29 November 2017 ("Index Start Date") with an initial level of 100,00 index points ("Initial Index Value").

1.4 Distribution
The Index Value is published by LIXX under a subpage of lixxinnovation.com as of each Index Valuation Date, no later than five Business Days following the respective Index Valuation Date.

1.5 Prices and Calculation Frequency
The Index is calculated on a daily basis each Business Day until 11:00 am (Düsseldorf time) (each an "Index Valuation Date"). In case a scheduled Index Valuation Date is no Business Day, the Index Valuation Date is the next Business Day. The Index calculation is based on the Official Valuation of the respective Index Components. 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. Deficient calculations will be corrected in the aftermath.

1.6 Index Administrator and external service providers
Generally, the Index Administrator appoints the Index Calculation Agent and the Index Allocator.

Adjustments to the Index Value are determined by the Index Calculation Agent under the supervision of the Index Administrator.

In performing its duties, the Index Administrator follows the business principles published on its web page and in accordance with the applicable provisions of the Benchmark Regulation and its delegated regulations.
In order to reflect the economics of the reference market and the objective of the Index as described above, the Index Allocator identifies suitable Index Components and recommends the allocation and weighting of the Index Components within the criteria described herein. The Index Administrator allocates Index Components based on the Index Allocator’s recommendations.

In managing the Index, 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.

1.7 Publication
Specifications and information relevant for calculating the Index will be made available on the web page http://www.lixinnovation.com and sub-pages.

1.8 Historical data
Historical data will be recorded in accordance with Article 8 of the Benchmark Regulation when applicable. This means that all input data and the methodology will be recorded for a minimum of five years.

1.9 Licensing
Licences to use the Index as benchmark for derivative instruments are issued to stock exchanges, banks, financial services providers and investment houses by the Index Sponsor.
2. INDEX METHODOLOGY

The Index Allocator recommends to the Index Administrator Index Components from the Universe of Index Components and the weightings of the Index Components in order to reflect the reference market and the objective of the Index accurately. As such, the recommendations of the Index Allocator are considered input data and the Index Allocator is considered a contributor of input data in accordance with Article 11 of the Benchmark Regulation, when applicable.

When executing the recommendation, the Index Administrator ensures that the (i) selection of the Index Components and (ii) the weightings are in line with the Index Guidelines.

After its initial composition, the Index Allocator will review the composition of the Index on an ongoing basis. Index Components may be added from the Universe of Index Components by the Index Administrator upon recommendation of the Index Allocator to the Index if they are in line with these Index Guidelines or their weights may be adjusted upon recommendation of the Index Allocator. The number of Index Components can change over time.

The Index Value will be determined on basis of (i) the Official Valuation and (ii) the value of the Reference Account which reflects the composition of the Index as follows:

- In case both, (i) a theoretical calculation of the Index based on the Official Valuation combined with the notional / units derived from the Index Allocator and (ii) the value of the Reference Account are available and a difference between the theoretical calculation and the value of the Reference Account exists, the Index Administrator will adjust the Index in order to reflect the actual value of the Reference Account. Should either the value or the notional / units of the Index Components in the Reference Account based on the discretion of the Index Administrator not reflect the economic reality, the value of one or all Index Components may be readjusted to the Official Valuation, or the notional / units of one or all Index Components may be readjusted to the amounts derived from the Index Allocator (cf. Section 3.5).
- In case solely the value of the Reference Account is available the Index will be determined on basis of the value of the Reference Account only as substitute of the Official Valuation.

Further, the nominal investment amount in the Reference Account, being the cash components paid into the Reference Account minus the cash components released from the Reference Account for other use than acquisition of instruments which are Index Components ("Index Notional"), if any, will be provided by the Index Allocator.
2.1 Universe of Index Components

The instruments which may be part of the Index are set out in Annex 2.1 to these Index Guidelines ("Universe of Index Components").

2.2 Index Components and their selection

Out of the Universe of Index Components individual financial instruments can only be used as an Index Component for inclusion in the Index if they meet the Index Component Selection Criteria set out in Annex 2.2 to these Index Guidelines.

2.3 Allocation of Index Components

The weighting of eligible Index Components is executed by the Index Administrator upon recommendation by the Index Allocator within the objective Allocation Criteria set out in Annex 2.3. The allocation of Index Components is, within the described framework, within the discretion of the Index Allocator as contributor of input data.

2.4 Changes to Index Components

An Index Component may be removed from the Index if it does not meet the Index selection criteria or generally ceases to qualify for inclusion in the Index. Index Components can also be removed from the Index in order to ensure that, at all times, the Index continues to meet its Index objective or composition restrictions. Once the allocation of removed Index Components is determined, the respective allocation of some or all of the remaining Index Components may be adjusted accordingly. If an Index Component is removed from the Index a replacement Index Component may become eligible for inclusion and may be added to the Index. However, it is not necessary for an existing Index Component to be removed in order for a newly eligible Index Component to be added.

An Index Component may be added to the Index if it qualifies for inclusion in the Index. Index Components can be added to the Index in order to ensure that, at all times, the Index continues to meet its Index objective and composition restrictions. Once the allocation of newly added Index Components is determined, the respective allocation of some or all of the Index Components existing prior to the additions may be adjusted accordingly.
3. **CALCULATION OF THE INDEX**

3.1 **Index Formula**

On each Index Valuation Date, the Index Calculation Agent calculates the Index Value. This calculation is based on the Official Valuation of the Index Components.

The Index Calculation Agent will use the following formula to calculate the Index Value:

\[
Index_t = \frac{\sum_i (W_{ti} x P_{ti}) - A_t - F_t}{D_t}
\]

\[
D_t = \frac{\sum_i (W_{ti} x P_{ti}) - A_t - F_t}{100}
\]

Whereas:

- \(Index_t\) is the Index at time \(t\).
- \(W_{ti}\) is the number of units respectively notional of an Index Component (being the acquisition cost) in the Index at time \(t\).
- \(P_{ti}\) is the Official Valuation of each Index Component at time \(t > 0\).
- \(A_t\) is the Adjustment Factor, which is determined at the reasonable discretion of the Index Calculation Agent at the time \(t\) with reference to adjustments during the lifetime of the Index which may become necessary due to Adjustments described in 3.3.
- \(F_t\) is the amount of the accrued index fees until \(t\) of up to 21 basis points / days per month x \(Index_{t-1}\).
- \(i\) is representing an individual Index Component.
- \(D_t\) Divisor at time \(t\)

3.2 **Accuracy**

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

3.3 **Adjustments to the Divisor**

Indices need to be adjusted for the Index Notional they represent. This requires the Divisor to be calculated on an ex-ante basis.
Parameters as defined in 3.1

Other Changes
If necessary, the Index Calculation Agent may at its reasonable discretion amend these Index Guidelines in order to ensure achievement of the objective of the Index as defined in these Index Guidelines or to address any errors, omission or ambiguities. Such amendments may include changes to the index component selection criteria or the rules with respect to the composition, calculation and weighting of the Index.

3.4 Adjustments to systematic changes

3.4.1 Dividends, interest and other distributions will be allocated to the Index as cash in the currency of the Reference Account held with a credit institution in the European Union or the European Economic Area.

3.4.2. In case of a corporate action on an Index Component, the Index Calculation Agent will assess whether such corporate action has a dilutive or any other effect on the price of the Index Component. In such a case, the Index Calculator will make required adjustments and determine the date on which this adjustment will be effective. Amongst other things the Index Calculation Agent can consider adjustments executed by an Affiliated Exchange as a result of the corporate action concerning option and futures.

Splits require the recalculation of the “W” parameter assuming that the split ratio is applicable to the price change, as follows:

\[
W_{i,t+1} = W_{i,t} \times S
\]

Whereas:

\( W_{i,t+1} \) is the number of units / notional affected in the Index at time \( t+1 \)

\( W_{i,t} \) is the number of units / notional affected in the Index at time \( t \)

\( S \) Units / notional after the split for every unit / notional before split

Share distribution require the recalculation of the “W” parameter assuming that the distribution ratio is applicable to the price change, as follows:
\[ W_{i,t+1} = W_{i,t} * (1 + S) \]

Whereas:

- \( W_{i,t+1} \) is the number of units / notional affected in the Index at time \( t+1 \)
- \( W_{i,t} \) is the number of units / notional affected in the Index at time \( t \)
- \( S \) Units / notional for every unit / notional before distribution

3.4.3 An inflow of cash to the Reference Account increases the money market account correspondingly. The Cash Component can increase / decrease based on interest applicable to the Cash Component.

3.5 Adjustments to the Reference Portfolio

Adjustments will be made in terms of the difference between the theoretical Index Value as calculated by the Index Administrator on basis of the Official Valuation and the account balance of the Reference Account. In case no value for the Reference Account can be obtained, the Index may be readjusted to the theoretical Index Value based on the Official Valuation.

3.6 Rebalancing

Adjustments to the Index according to Sections 2.3 and 2.4 of these guidelines will be executed by the Index Administrator in a timely manner after receipt of the recommendation from the Index Allocator. Only in instances where such recommendation is not in line with the Index Objective it will be neglected by the Index Administrator. Any such adjustments will be based on prices of comparable transactions observed on or around the time of the execution of the adjustment, including transaction cost, based on the discretion of the Index Administrator.

3.7 Data Provider

Identification of Index Components and their weightings are based on recommendation by the Index Allocator.

Official Valuations are based on the official NAV publications of the underlying funds.

3.8 Index Continuity

In case of missing, insufficient, inaccurate or unreliable input data or non-compliance with the standards as set out below, for any of the required data to calculate the Index, the Index Administrator may not calculate and publish the Index. The decision will be taken on 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 guidelines, or on its website. Where appropriate, the Index Administrator will consult experts to make the decision.

The minimum requirements for the quantity of input data are:
- For Official Valuations, a pricing value for each underlying of the index
- A calculated fee value as part of the Index Calculation Formula chapter 3.1 must be present

The minimum standards for the quality of input data are:
- Data must be reliable and consistent
- Data must be robust
- Data must be verifiable
- Data must be available before 10.00 a.m. on each Index Valuation Date

### 3.9 Initial Index Allocation Period

The Initial Index Allocation as described in Annex 2.3 will take effect on 15 December 2017 (including) at the latest. Until the Initial Index Allocation Period is completed, the Fee Component, as described in chapter, 3.1 is not applicable. For the avoidance of doubt transaction cost for the Initial Allocation will be considered.

### 4. CONTACT DATA

**Information regarding the Index**

LIXX GmbH  
Bilker Allee 176 C  
40217 Düsseldorf
## Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Day</td>
<td>Days on which Düsseldorf Stock Exchange (Börse Düsseldorf) is open for regular trading (Handelstage) as published and updated by Düsseldorf Stock Exchange from time to time.</td>
</tr>
<tr>
<td>Data Provider</td>
<td>A contributor of data to maintain or calculate the Index in accordance with Article 11 of the Benchmark Regulation</td>
</tr>
<tr>
<td>Index</td>
<td>ISF Hidden Champions Deutschland</td>
</tr>
<tr>
<td>Index Administrator</td>
<td>LIXX</td>
</tr>
<tr>
<td>Index Allocator</td>
<td>ISF Institut Deutsch-Schweizer Finanzdienstleistungen GmbH, a limited liability company (Gesellschaft mit beschränkter Haftung) under German law, registered with the commercial register (Handelsregister) of the local court (Amtsgericht) of Frankfurt am Main under HRB 55738 and principal place of business at Eysseneckstraße 31, 60322 Frankfurt am Main, Germany, Germany</td>
</tr>
<tr>
<td>Index Calculation Agent</td>
<td>LIXX</td>
</tr>
<tr>
<td>Index Component</td>
<td>A certain financial instrument selected from the Universe of Index Components, becoming a Constituent of the Index</td>
</tr>
<tr>
<td>Index Sponsor</td>
<td>ISF Institut Deutsch-Schweizer Finanzdienstleistungen GmbH, a limited liability company (Gesellschaft mit beschränkter Haftung) under German law, registered with the commercial register (Handelsregister) of the local court (Amtsgericht) of Frankfurt am Main under HRB 55738 and principal place of business at Eysseneckstraße 31, 60322 Frankfurt am Main, Germany, Germany</td>
</tr>
<tr>
<td>Index-linked Product</td>
<td>Any investment product based upon the Index</td>
</tr>
<tr>
<td>Index Value</td>
<td>Value of the Index on the Index Valuation Date</td>
</tr>
<tr>
<td>Index Valuation Date</td>
<td>Is defined in section 1.5</td>
</tr>
<tr>
<td>LIXX</td>
<td>LIXX GmbH, a limited liability company (Gesellschaft mit beschränkter Haftung) under German law, registered with the commercial register (Handelsregister) of the local court</td>
</tr>
</tbody>
</table>

---

*Note: The content above is a direct transcription of the document, with minor adjustments for formatting and clarity.*
(Amtsgericht) of Düsseldorf under HRB 81816 and principal place of business at Bilker Allee 176c, 40217 Düsseldorf, Germany

<table>
<thead>
<tr>
<th>Official Valuation</th>
<th>The Net Asset Value of an Index Component per close of business of the previous trading day in EUR as provided by the custodian of a fund (Kapitalverwaltungsgesellschaft)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference Account</td>
<td>Account [●] at Hauck &amp; Aufhäuser, [●] where the Index is replicated, if available.</td>
</tr>
<tr>
<td>Total Return Index</td>
<td>Index calculated on the basis of reinvested dividend or coupon payments.</td>
</tr>
<tr>
<td>Universe of Index</td>
<td>Instruments which may be part of the Index</td>
</tr>
<tr>
<td>Components</td>
<td></td>
</tr>
</tbody>
</table>
Annex 2.1: Universe of Index Components

- Investment Funds whose investment objective is to invest predominantly into stocks and equity related financial instruments with focus of German companies in the small- and medium cap segment
- Only UCITS funds are deemed eligible as Index Components
- Permitted Index Components are funds with assets under management of at least EUR 50 million at the date of entering the Index, which have a price publication of a maximum of t + 2 and an order cut-off of at the earliest t-1 and which are authorized for distribution in Germany
- Cash in EUR held with credit institutions in the European Union or the European Economic Area. Cash describes in any case an eligible Index Component. The Cash Component can increase or decrease based on interest applicable to the Cash Component.
Annex 2.2: Index Component Selection Criteria

The selection of funds is executed by using a trend following algorithmic system.

The system is a trend following model. If the trading system is placed over the time series of a fund which is eligible as Index Component, the upward or downward trend of the fund is defined mathematically in the first step. The trading system uses both weekly and daily price data in this calculation. The upward or downward trend of a fund is defined using a price channel that is placed above the selected fund. The price channel consists of two bands, one of which is above the current price of the fund and the other below the current price of the fund. The price ranges are calculated from the average highs and lows of a past period of the fund. If the current price of the fund exceeds the upper price channel, an upward trend is defined for the trading program. If the price falls below the lower price band, the fund is in a downward trend.
Annex 2.3: Allocation Criteria; Initial Index Composition

Allocation Criteria:

The algorithmic system takes into consideration:
- the calculation of the trend reversals of the target funds
- all buy and sell signals
- theoretical stop courses
- a certain level of profit-taking for each position in the portfolio

Based on a buy signal the algorithm is used to calculate the exit stop and thus to calculate the theoretical transaction risk per fund and also the entire portfolio. The applied trading system is statistical and mathematical in nature. This means that fundamental aspects, i.e. an assessment of economic developments, are not used for selection.

The algorithm is based on the daily or weekly chronological course series of a fund, from which indicators are derived that give a signal.

The results from the algorithm are adjusted on the discretion of the Index Allocator, considering the following parameters:

- Selection of the number of funds to be included in the index (3-6 target funds)
- The treatment of capital released after the occurrence and execution of a sell-signal
- Max. Weighting of individual target funds in the index

Further, depending on the development of the international stock markets, the Index Allocator may adjust the allocation to the respective market conditions. Thus, the Index can invest up to 100% in funds in rising equity market phases. In phases of falling markets, up to 100% of the assets may also be invested in money market funds or held up to 100% in cash. The allocation levels of the equity funds range between 0% and 100%.

Initial Index Allocation

<table>
<thead>
<tr>
<th>ISIN</th>
<th>Name</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE0005152409</td>
<td>DWS German Small/Mid Cap (Adj.)</td>
<td>33%</td>
</tr>
<tr>
<td>DE0008481763</td>
<td>Allianz Nebenwerte Deut.A EUR (Adj.)</td>
<td>34%</td>
</tr>
<tr>
<td>LU0207947044</td>
<td>FPM Fds. Stockpicker Germany Sm./M.Cap C</td>
<td>33%</td>
</tr>
<tr>
<td>LU0011254512</td>
<td>DWS Euro Reserve</td>
<td>0%</td>
</tr>
<tr>
<td>n/a</td>
<td>Cash</td>
<td>0%</td>
</tr>
</tbody>
</table>