

## EURO 70 Low Volatility Index

# 1. Introduction

## 1.1 Executive Summary

The EURO 70 Low Volatility Index (the "Index") represents a risk managed equity index, designed to track the price movements and reflect the performance of a dynamic portfolio of seventy equity securities listed on the primary exchanges in the following countries:

- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Italy
- Ireland
- Netherlands
- Norway
- Portugal
- Spain
- Sweden
- Switzerland
- United Kingdom

The Index is constructed around a dynamic basket of equity securities. Seventy equity securities are selected on a monthly basis from a Selection Universe using a Selection Procedure. The selection is made using a risk-based analysis of the compounded returns of the individual equities over various historical periods.

The Index has been developed by Investec Bank plc ("Investec") as 'Index Sponsor' and is also calculated and rebalanced by Investec as 'Calculation Agent'.

The Index Sponsor has the right to change the rules of the Index, subject to Index amendment procedures described in Section 2.1.

Investec as Index Sponsor and Calculation Agent makes no representation or warranty that the Index will achieve the Index Objective.

Any capitalised terms not otherwise defined have the meanings given to them in Section 8.

## 1.2 Index Objective

Seventy securities are selected on a monthly basis (the 'Selection Date') from a selection universe comprising the 300 most highly capitalised equity securities, measured by free float market capitalization, listed on the Primary Exchange of 15 European countries (see the 'Selection Universe'). This selection is made by applying a Selection Procedure designed by the Index Sponsor (as further set out in Section 2), which seeks to identify stable companies based on a risk analysis of the compounded returns over various historical periods.

The Selection Procedure consists of a series of proprietary selection criteria. These criteria aim to determine those Eligible Securities which demonstrate the most stable risk profile. The Selection Procedure is fixed and can only be altered according to the Index amendment procedures as described in Section 2.1.

On each Index Selection Date, seventy Eligible Securities are selected from the Selection Universe to constitute the seventy component securities of the index (the 'Equity Constituent'). Following selection, the seventy Eligible Securities are subsequently defined as Component Securities.

In order to optimize the stability of the Index, on any Index Calculation Date for which the Realized Volatility of the Equity Constituent is observed, the Index Allocation Percentage of the Equity Constituent may be adjusted. Where the Realized Volatility of the Equity Constituent is above the Target Volatility Level, the Index Allocation Percentage will be reduced. Conversely, where the Realized Volatility of the Equity Constituent is lower than the Target Volatility Level, the Index Allocation Percentage to the Equity Constituent will be increased, subject to a maximum of 100%. The Realized Volatility of the Equity Constituent is computed over the 22 preceding Index Calculation Dates.

Each Component Security within the Equity Constituent is equally-weighted in order to prevent a few large Component Securities from potentially distorting the Index risk or return.

The Index is calculated on a daily basis on each Index Calculation Date once daily trading has ceased on all exchanges pertinent to the Index and Closing Prices have been published.

The Index Level is expressed in EUR (the 'Index Reference Currency'). Where a Component Security is denominated in a currency other than EUR, the relevant closing FX Exchange Rate will be applied on each Index Calculation Date for the purposes of calculating the Index. The FX Exchange Rate published on Bloomberg as the 16:00 London closing level will be applied in these instances, as described in Section 2.8. The Index has been constituted by the Index Sponsor, with an initial level of 1,000 (the 'Index Base Level') as of 3 February 1999 (the 'Index Base Date').

The Equity Component is rebalanced on a monthly basis, on the Index Rebalancing Date (being two Index Calculation Dates following the Index Selection Date for that month). On each Index Rebalancing Date the Component Security Weights are reset to 1/70th of the new Component Security Set.

Unless otherwise stated, all determinations of Investec as Index Sponsor and Calculation Agent shall be made in accordance with the terms set out in this Index Description and, save for manifest error, all such determinations shall be binding.

## 2. Index construction

This section outlines the key steps followed in order to determine the composition of the Index, including Selection Criteria, Component Security Weight and scheduled Periodic Review, together the 'Selection Procedure'.

### 2.1 Discretion of the Index Sponsor

The Index Sponsor shall have discretion to make any changes to the rules governing the design and calculation of the Index which it determines to be necessary in order to ensure that the Index complies with the Index Objective. All such determinations and amendments made by the Index Sponsor shall be final, conclusive and binding in the absence of manifest error.

Where the Index Sponsor exercises such discretion, this Index Description shall be updated as soon as reasonably practicable, further to a notification period of at least 5 Business Days following the date of any announcement. A record of such changes shall be kept in Appendix 3. Such notification will be announced publicly via the RNS of the Index Sponsor. No notification period shall apply for changes due to market liquidity in relation to an Eligible Security or Component Security or due to impact on Hedging Activity of the Index Sponsor and/or any of its affiliates.

Unless otherwise provided, all determinations made by the Index Sponsor shall be made in good faith. Investec in its role as the Index Sponsor and Calculation Agent shall not accept any liability whatsoever for any losses resulting from supplementing, amending or revising the Index Description.

### 2.2 Index Base Date, Index Base Level and Index Reference Currency

The Index has the following Index Base Date, Index Base Level and Index Reference Currency:

<b>Index Base Date</b>	<b>Index Base Level</b>	<b>Index Reference Currency</b>
03/02/1999	1000	EUR

### 2.3 Selection Universe

The Selection Universe consists of securities issued by the 300 most highly capitalized companies listed on the following primary exchanges (hereafter "Eligible Exchanges"):

Austria (Vienna Stock Exchange)  
Belgium (Euronext Brussels)  
Denmark (Copenhagen Stock Exchange)  
Finland (Helsinki Stock Exchange)  
France (Euronext Paris)  
Germany (Xetra)  
Italy (Borsa Italiana)  
Ireland (Dublin Stock Exchange)  
Netherlands (Euronext Amsterdam)  
Norway (Oslo Stock Exchange)  
Portugal (Euronext Lisbon)  
Spain (Sociedad de Bolsas SIBE)  
Sweden (Stockholm Stock Exchange)  
Switzerland (SIX Swiss Exchange)  
United Kingdom (London Stock Exchange)

In order to qualify as an Eligible Security, each security must satisfy each of the following criteria:

- Must be issued by an operating company.
- Must not be a Bond, Carry Forward, Closed-Ended Fund, Convertible Bond, Convertible Preferred, Investment Fund, Limited Partnership, Mutual Fund, Tracking Stock, Unit, Warrant, Exchange Traded Fund (ETF) or Royalty Trust.
- Must have at least two years of price history.

The Selection Universe is determined as the 300 Eligible Securities with the greatest market capitalisation, measured by free float market capitalization, in Euros ("EUR").

Where an Eligible Security is denominated in a currency other than Euros, the relevant FX Exchange Rate will be applied (see Section 2.8 for further details).

The Selection Universe will be determined on the 15<sup>th</sup> Calendar Day of December each year, using Closing Prices and the relevant FX Exchange Rate, where applicable.

## 2.4 Selection Criteria

The securities to be included in the Index on the Index Base Date and on each Index Selection Date shall be selected on the following basis from amongst the Eligible Securities in the Selection Universe:

The Eligible Securities are ranked by stability, based on the analysis of risk observed via the compounded price movements of each individual security over various periods of between 1 and 2 years, according to the following formula:

$$\sigma_{hist C_j} = 0.7 \times \sqrt{\frac{252}{251} \sum_{i=1}^{252} \left[ \left\{ \ln \left( \frac{PC_j(t+1-i)}{PC_j(t-i)} \right) - \frac{1}{252} \sum_{i=1}^{252} \left[ \ln \left( \frac{PC_j(t+1-i)}{PC_j(t-i)} \right) \right] \right\}^2 \right]} + 0.3 \times \sqrt{\frac{252}{503} \sum_{i=1}^{504} \left[ \left\{ \ln \left( \frac{PC_j(t+1-i)}{PC_j(t-i)} \right) - \frac{1}{504} \sum_{i=1}^{504} \left[ \ln \left( \frac{PC_j(t+1-i)}{PC_j(t-i)} \right) \right] \right\}^2 \right]}$$

Notations:

$t$  is the Index Calculation Date

$PC_j(t)$  is the Closing Price of Eligible Security ( $j$ ) on Index Calculation Date  $t$ ,

Where an Eligible Security is not denominated in EUR, no currency adjustment is made for the purposes of stability ranking. Note, currency adjustment is made for the purposes of index calculation – see Section 3 for further details.

Where an Eligible Security has distributed normal dividends, for the purposes of stability ranking the historic price of each Eligible Security is adjusted by compounding the price of these dividends as at the time that they are distributed. This is done so as not to disadvantage stable Eligible Securities that frequently distribute dividends. Note, dividend adjustments are not made for the purposes of index calculation.

The 70 most stable Eligible Securities on the Index Base Date and on each Index Selection Date will form the List of Eligible Securities (hereafter “LES”) and shall be removed from the Selection Universe for the purpose of creating the Reserve List. On the following Index Rebalancing Date, the Index will be rebalanced with the new LES, at which point the LES will become the Component Security Set and the securities within the Component Security Set will be defined as Component Securities.

A company cannot appear twice in the LES; where the same company is listed on two different exchanges (from the list of eligible exchanges), or the company is listed twice on the same exchange, only the primary listing of a company’s stock can be included in the LES.

The 20 most stable Eligible Securities that remain within the Selection Universe (excluding the 70 Eligible Securities within the LES) will constitute the Reserve List (hereafter “RL”).

The RL will be maintained for the purpose of potentially replacing Component Securities, as required, between two Periodic Reviews, as determined by the Index Sponsor. A Component Security may only be replaced by an Eligible Security appearing on the RL. If this is not possible, the Index Sponsor will determine in good faith the replacing Eligible Security.

The initial LES is provided in Appendix 1 and the initial RL is provided in Appendix 2.

The LES and the RL will be determined by Investec as Index Sponsor and Calculation Agent on each Index Selection Date, unless such day is a Disrupted Index Calculation Date, in which case the LES and RL will be determined on the next Index Calculation Date which is not a Disrupted Index Calculation Date (such date being the Index Selection Date).

## 2.5 Component Security Weighting

On any Index Rebalancing Date, all Component Securities will be equally weighted within the Equity Component, as set out in Section 3.3.

## 2.6 Periodic Review Schedule

**Index Selection Date** means the first calendar day of each month unless such day is not an Index Calculation Day or such day is a Disrupted Index Calculation Date, in which case the Index Selection Date will be the next following Index Calculation Date which is not a Disrupted Index Calculation Date.

The Index Base Date is 03 February 1999.

The List of Eligible Securities (‘LES’) is determined on each Index Selection Date.

On each Index Selection Date, the Calculation Agent shall decide the new LES and RL, such that the Calculation Agent may perform the Index Rebalancing on the Index Rebalancing Date.

**Index Rebalancing Date** means two TARGET Business Days following the Index Selection Date in each month unless such day is not an Index Calculation Day or such day falls on a Disrupted Index Calculation Date, in which case the Index Rebalancing Date shall be the next following Index Calculation Date which is not a Disrupted Index Calculation Date.

On each Index Rebalancing Date, the New Component Securities selected on the previous Index Selection Date are promoted to the Equity Component of the Index for that month.

The Index Allocation Percentage will not be fixed at 100% on each Index Rebalancing Date, therefore it is possible that the Index Allocation Percentage can be less than 100% on the first Index Calculation Date of an Index Rebalancing Period.

**Index Rebalancing Period** means the period between two Index Rebalancing Dates.

**Determination of Selection Universe** occurs on the 15<sup>th</sup> calendar day of December each year, unless such day is not an Index Calculation Day or such day is a Disrupted Index Calculation Date, in which case the Selection Universe shall be determined on the next following Index Calculation Date which is not a Disrupted Index Calculation Date.

## 2.7 Dividend Treatment

The Index is a price return index that uses the Closing Price of each of the 70 Component Securities, net of dividends. There are no dividend reinvestments in the Index.

## 2.8 Treatment of Non-Euro Denominated Component Securities

The Index is calculated and quoted in Euros (EUR). Where a Component Security is not denominated in Euros, the relevant FX Exchange Rate will be applied to the closing price of the Component Security in order to calculate performance. The FX Exchange Rate is the 16:00 London (GBT) closing exchange rate of the relevant currency, as published on Bloomberg.

For reference, this rate can either be obtained using the "BFIX" page of the relevant exchange rate on Bloomberg, or by using the syntax =BDH("<<FX ticker>> L1600 Curncy", "PX\_LAST", "Date", "Date").

## 2.9 Index Calculation Dates

The Index comprises Component Securities listed on Primary Exchanges in multiple European jurisdictions. Accordingly, an Index Calculation Date is any date on which all Primary Exchanges pertinent to the Index are open.

## 3. Index Composition, Rebalancing and Calculation

The Index Level on each Index Calculation Date  $t$  (the 'Index Level' or ' $I(t)$ ') is calculated with reference to the formulae in the following sections.

### 3.1. Price Return Component Security Calculation

The Price Return of each Component Security  $i$  included in the Component Security Set of  $k$ -th Index Rebalancing is calculated on each Index Calculation Date  $t$ , provided that a Closing Price has been published for that day.

$$P_{k,i}(t_0) = S_{k,i}(t_0)$$

$$P_{k,i}(t) = P_{k,i}(t-1) \times \frac{FX_{k,i}(t) \times S_{k,i}(t)}{FX_{k,i}(t-1) \times S_{k,i}(t-1)}$$

Notations:

$t$  is the Index Calculation Date  $t$  which is different to  $t_0$ ;

$t_0$  is the Index Base Date and afterwards, the  $k$ -th Index Rebalancing Date;

$k$  is the  $k$ -th Index Rebalancing;

$I_k$  is the Component Security Set of  $k$ -th Rebalancing;

$(k,i)$  is the  $i$ -th Component Security of  $I_k$ ;

$S_{k,i}(t)$  is the Closing Price of Component Security  $(k,i)$  on Index Calculation Date  $t$ ;

$P_{k,i}(t)$  is the Price Return of Component Security  $(k,i)$  on Index Calculation Date  $t$ ;

$FX_{(k,i)}(t)$  is the relevant 16:00 (GMT) closing FX Exchange Rate on Calculation Date  $t$ . Where Component Security  $(k,i)$  is denominated in EUR, this value is 1. Where Component Security  $(k,i)$  is denominated in a currency other than EUR,  $FX_{(k,i)}(t)$  is the relevant FX Exchange Rate needed to convert the currency of denomination into EUR. For clarity, the FX Exchange Rate is the relevant closing rate as published at 16:00 (GBT) on Bloomberg. This rate can either be obtained using the "BFIX" page of the relevant exchange rate on Bloomberg, or by using the syntax =BDH("<<FX ticker>> L1600 Curncy", "PX\_LAST", "Date", "Date").

## 3.2. Rebalanced Component Security Set Calculation

During each  $k$ -th Index Rebalancing Period, the Rebalanced Component Security Set value is computed on each Index Calculation Date  $t$  provided that a Price Return has been published on that day for each Component Security  $i$  since the relevant Index Rebalancing Date  $t_k$ . It reflects the Rebalanced Component Security Set value calculated on the Index Rebalancing Date  $t_k$  multiplied by the weighted Sum of the Price Return of each Component Security  $i$  included in the Component Security Set of  $k$ -th Index Rebalancing. The Rebalanced Component Security Set value on the Index Base Date is automatically set equal to 1.

$\forall i \in I_k$  and  $\forall t_k \leq t \leq t_{k+1}$

$$\begin{cases} B(t) = B(t_k) \times \left[ \sum_{i \in I_k} CW_{k,i} \times \frac{P_{k,i}(t)}{P_{k,i}(t_k)} \right] \\ B(t_0) = B(t_k) = 1 \end{cases}$$

Notations:

$t_0$  is the Index Base Date;

$t$  is the Index Calculation Date  $t$ ;

$t_k$  is the  $k$ -th Index Rebalancing Date;

$t_{k+1}$  is the  $k+1$ -th Index Rebalancing Date;

$K$  is the Set of  $k$ -th Index Rebalancings;

$P_{k,i}(t)$  is the Price Return of Component Security  $(k,i)$  on Index Calculation Date  $t$ ;

$B(t)$  is the Rebalanced Component Security Set value on Index Calculation Date  $t$ ;

$cw_{k,i}$  is the weight in percentage of Component Security  $(k,i)$  to be included in  $I_k$  of  $k$ -th Index Rebalancing Date, defined in Section 3.3.

## 3.3. Component Security Set Rebalancing

On each Index Rebalancing Date  $t_k$ , the previous Component Security Set of  $k-1$ -th Index Rebalancing Period is rebalanced in accordance with the provisions outlined in Section 2 in order to determine the new Component Security Set with effect from the  $k$ -th Index Rebalancing Date.

This new Component Security Set is determined by adding the newly selected Component Securities; i.e. the Component Securities not comprised in the Component Security Set of  $k-1$ -th Index Rebalancing to the old Component Securities that were already selected in the Component Security Set of  $k-1$ -th Index Rebalancing and removing the old Component Securities that are not selected.

As a Formula:

$\forall k \in K$

$$I_k = (I_{k-1} - I_k^{out}) \cup I_k^{in}$$

Notations:

$K$  is the Set of  $k$ -th Index Rebalancings;

$k$  is the  $k$ -th Index Rebalancing;

$I_k$  is the Component Security Set of  $k$ -th Index Rebalancing;

$I_k^{out}$  is the Component Securities to be removed from Component Security Set on  $k$ -th Index Rebalancing Date;

$I_k^{in}$  is the Component Securities to be included in the Component Security Set on  $k$ -th Index Rebalancing Date.

The Purpose of the Rebalancing is to effect a re-allocation of the Index Level from the previous Component Securities to the new Component Securities. Accordingly, for the determination of the Component Security Weight of each new Component Security  $i$  and of each remaining old Component Security  $i$  on the Index Rebalancing Date  $t_k$ , the equal weighted methodology is applied to re-set the weighting of each Component Security  $i$  to be equal to  $1/\text{Card}(I_k)$  th of the new Component Security Set,  $\text{Card}(I_k)$  corresponding to the total number of Component Securities constituting the new Component Security Set resulting from the  $k$ -th Index Rebalancing.

As a formula:

$$\forall k \in K \text{ and } \forall i \in I_k$$

$$cw_{k,i} = \frac{1}{\text{card}(I_k)}$$

$$\sum_{i \in I_k} cw_{k,i} = 1$$

Notations:

$K$  is the Set of  $k$ -th Index Rebalancings;

$k$  is the  $k$ -th Index Rebalancing;

$t_k$  is the  $k$ -th Index Rebalancing Date;

$I_k$  is the Component Security Set of  $k$ -th Index Rebalancing;

$\text{Card}(I_k)$  is the Cardinality of  $I_k$  which corresponds to the number of Component Securities within the Component Securities Set of  $k$ -th Index Rebalancing;

$cw_{k,i}$  is the equal weight in percentage of Component Security ( $k,i$ ) to be included in  $I_k$  of  $k$ -th Index Rebalancing Date.

For the avoidance of any doubt any changes to the Component Security Set occurring between two Index Rebalancing Dates requires a notification period of at least 5 Business Days between the date of the announcement of such changes and the effective date of any such changes. Such changes include:

1. An Index Rebalancing, where a new Eligible Security is introduced from the RL in order to replace a Component Security which has ceased to trade; and/or
2. A price adjustment which has occurred since the last Index Rebalancing Date (e.g. stock splits or other events that have no impact on the valuation of the underlying company, but can have a diluting or concentrating effect on the value of each individual share); and/or
3. Any other adjustment defined in Section 4 or adjustment as the Index Sponsor deems appropriate.

In each case, the Index Sponsor shall decide whether or not to make the adjustments in order to maintain the stability and consistency of the Index as it deems necessary.

### 3.4. Target allocation – Calculation

During each  $k$ -th Index Rebalancing Period, a Dynamic Exposure Factor is applied on each Index Calculation Date  $t$  to the effective Rebalanced Component Security Set (i.e. the Equity Constituent of the Index) to determine the Index Level as described in the Index Calculation outlined in Section 3.5.

The Dynamic Exposure Factor, i.e. the Index Allocation Percentage to the Rebalanced Component Security Set, is determined with reference to an Index Target Allocation Percentage which is in turn determined daily by reference to a Target Volatility Level and to the Realised Volatility of the Rebalanced Component Security Set.

The maximum Index Allocation Percentage to the Rebalanced Component Security Set derived on each Index Calculation Date  $t$  during each Index Rebalancing Period is fixed at 100%.

As a formula:

$$\forall tk \leq t \leq tk+1$$

$$w_{tg(t)} = \text{Min} \left( \text{Max} \left( \frac{TVL(t)}{\sigma_{Bk}^{histo}(t)}, 0\% \right), 100\% \right)$$

Where:

$$TVL(t) = 5\%$$

$$w_0 = w_1 = w_{tg(0)}$$

Notations:

$t$  is the Index Calculation Date  $t$ ;

$t_k$  is the  $k$ -th Index Rebalancing Date;

$t_{k+1}$  is the  $k+1$ -th Index Rebalancing Date;

$w_t$  is the Index Allocation Percentage to the Rebalanced Component Security Set on Index Calculation Date  $t$ ;

$w_0$  is the Index Allocation Percentage to the Rebalanced Component Security Set on  $t_0$ ;

$w_{Iq(t)}$  is the Index Target Allocation Percentage to the Rebalanced Component Security Set on the Index Calculation Date  $t$ ;

$\sigma_{B_k}^{histo}(t)$  is the 22d Realized Volatility of  $k$ -th last known Rebalanced Component Security Set on the Index Calculation Date  $t$  (as outlined below);

$TVL(t)$  is the Target Volatility Level;

The Dynamic Exposure Factor is derived on each Index Calculation  $t$  by way of a multiple stepped process as follows:

$$\forall t_k \leq t \leq t_{k+1}$$

1. If  $97.5\% \times w_{Iq(t)} \leq w_t \leq 102.5\% \times w_{Iq(t)}$ 
  - a. If  $w_{Iq(t)} = 100\% \rightarrow w_{t+1} = w_{Iq(t)}$

The Index re-allocation Percentage on Index Calculation Date  $t+1$  correspond to the Index Target Allocation Percentage calculated on Index Calculation Date  $t$

- b. If  $w_{Iq(t)} < 100\% \rightarrow w_{t+1} = w_t$

The Index re-allocation Percentage on Index Calculation Date  $t+1$  will correspond to the Index Allocation Percentage on Index Calculation Date  $t$

2. If  $w_t < 97.5\% \times w_{Iq(t)}$  or  $w_t > 102.5\% \times w_{Iq(t)} \rightarrow w_{t+1} = w_{Iq(t)}$

The Index re-allocation Percentage on Index Calculation Date  $t+1$  correspond to the Index Target Allocation Percentage calculated on Index Calculation Date  $t$

For the avoidance of doubt, the first effective Index Allocation Percentage to the Rebalanced Component Security Set (based on the Index Target Allocation Percentage calculated on the 1st Index Calculation Date following the Index Base Date) will occur on the 2nd Index Calculation Date following the Index Base Date. On the Index Base Date, the values of the Dynamic Exposure Factor will be automatically set at the Index Target Allocation Percentage calculated on the Index Base Date on the basis of the initial Component Security Set.

Moreover, both Index Allocation Percentages to the Rebalanced Component Security Set (target and effective, as outlined here above) are rounded up to two decimal places (i.e. to the percentage point) on each Index Calculation Date.

On each Index Calculation Date  $t$ , the effective Realized Volatility for the last known Rebalanced Component Security Set as well as the Target Volatility Level are used to calculate the Target Dynamic Exposure Factor on Index Calculation Date  $t$ .

As a formula:

$$B_k^{static}(t_k) = 1$$

For  $t \leq t_{k+1}$

$$B_k^{static}(t) = B_k^{static}(t_k) \times \sum_{i \in I_k} cw_{k,i} \times \frac{P_{k,i}(t)}{P_{k,i}(t_k)}$$

$$\sigma_{B_k}^{histo}(t) = \sqrt{\frac{252}{21} \sum_I^{22} (R_{B_k}(t+1-I) - M_{B_k}(t))^2}$$

Notations:

$t$  is the Index Calculation Date  $t$ ;

$cw_{k,i}$  is the equal weight in percentage of Component Security ( $k,i$ ) to be included in  $I_k$  of  $k$ -th Index Rebalancing Date;

$I_k$  is the last known static Rebalanced Component Security Set of  $k$ -th Index Rebalancing;

$\sigma_{B_k}^{histo}(t)$  is the 22d Realized Volatility of  $k$ -th last known Rebalanced Component Security Set on the Index Calculation Date  $t$ ;

$R_{B_k}(t)$  is the 1-Index Calculation Date Log Return of the  $k$ -th last known Rebalanced Component Securities Set on Index Calculation Date  $t$  which results from the following equation:

$$R_{B_k}(t) = \ln\left(\frac{B_k^{static}(t)}{B_k^{static}(t-1)}\right)$$



$P_{k,i}(t)$  is the Closing Price of Component Security ( $k,i$ ) on Index Calculation Date  $t$ ;

$M_{B_k}(t)$  is the mean of the 1-Index Calculation Date Log Returns of the  $k$ -th last known Rebalanced Component Securities Set computed on Index Calculation Date  $t$  over the 22 preceding Index Calculation Dates which results from the following equation:

$$M_{B_k}(t) = \frac{1}{22} \sum_{I=1}^{22} (R_{B_k}(t+1-I))$$

$B_k^{static}(t)$  is the  $k$ -th last known Rebalanced Component Security Set value on Index Calculation Date  $t$

### 3.5. Index Calculation

The Index Level is rebalanced on each Index Calculation Date  $t$  according to the Dynamic Exposure Factor computed for the same day. On the Index Base Date, the Index Level is set equal to 1000.

As a Formula:

$$I(t_0) = 1000$$

$$I(t+1) = I(t) \times \left[ 1 + w_t \times \left( \frac{B(t+1)}{B(t)} - 1 \right) \right]$$

Notations:

$t_0$  is the Index Base Date;

$t$  is the Index Calculation Date  $t$ ;

$I(t)$  is the Index Level on Index Calculation Date  $t$ ;

$w_t$  is the Index Allocation Percentage in the Rebalanced Component Security Set on Index Calculation Date  $t$ ;

$B(t)$  is the Rebalanced Component Security Set value on Index Calculation Date  $t$ .

For the avoidance of doubt, as used in this Index Description, (A) in relation to a term of any formula, "t" means the value of that term on the relevant Index Calculation Date and, in relation to other terms in that formula : (a) references to "t" shall be to the value of that term on the same Index Calculation Date; and (b) references to "t" plus or minus specified number (i.e. "t+1"; "t+2" or "t-1") shall be to the value of that term on the Index Calculation date falling that specified number of Index Calculation dates after or before, as the case may be, the Index Calculation Date to which "t" relates and (B) in relation to any Index Calculation Date, "t" means the relevant Index Calculation Date, references to plus or minus a specified number (i.e. "t+1"; "t+2" or "t-1") shall be to the Index Calculation Date falling that specified number of days after or before, as the case may be, the Index Calculation Date to which "t" relates.

## 4. Index Adjustments

This section describes the circumstances and conditions under which adjustments to the Index (the 'Index Adjustments') may be made by the Calculation Agent.

### 4.1 Scheduled Component Security Changes and Review

The Index shall be reviewed each month of each year by the Calculation Agent in accordance with the Periodic Review Schedule, as outlined in Section 2.6, effective on each Index Rebalancing Date. The review is carried out in order to update the LES and the RL. Other changes to the Index may take effect at the Index Sponsor's discretion and in accordance with Section 2.1 and Section 6. For the avoidance of doubt, (a) any Index Rebalancing Date may be redefined and/or (b) any additional Index Rebalancing Dates may be introduced at the Index Sponsor's discretion.

### 4.2 Index Adjustments following a Corporate Action

Adjustments to the Index may be required on the occurrence of a Corporate Action (other than a dividend distribution related to one of the Component Securities and as such term is defined under Section 4.6).

Upon the announcement of a Corporate Action, the Calculation Agent shall determine, in its sole and absolute discretion whether such Corporate Action has a diluting or concentrative effect on the theoretical value of the relevant Component Security or Securities, as the case may be, and, if so, will, (i) make the corresponding adjustment, if any, to the Index as the Calculation Agent determines appropriate to account for such diluting or concentrative effect and (ii) determine the effective Index Calculation Date of the adjustment. The Calculation Agent may, but shall not be obliged to, determine the appropriate adjustment to be made by reference to the adjustment in respect of such Corporate Action provided for in the indicative list attached in Appendix 4.

### 4.3 Index Adjustments following an Extraordinary Event

Adjustments to the Component Securities may occur on any date that falls between two Index Rebalancing Dates if, in the sole discretion of the Calculation Agent, they determine that an Extraordinary Event (as such terms defined under Section 4.6), in respect of the relevant Component Securities, has occurred or is about to occur.

In such case, the Calculation Agent shall adjust the Index as it determines appropriate, and such adjustment may be determined by reference to the adjustment in respect of such Extraordinary Event provided for in the indicative list attached in Appendix 5.

In effecting such adjustments, the Calculation Agent may, remove from the Index any affected Component Securities and/or select one or more other Eligible Securities from the RL to replace such Component Security. The Calculation Agent shall determine the effective date of the adjustment, in its sole discretion, which cannot occur earlier than 5 Business Days following the date of its announcement by the Index Sponsor.

The Index Sponsor shall maintain the RL for the Index at all times.

Any affected Component Securities removed from the Index shall be replaced by the Eligible Securities from the RL.

### 4.4 Disruption Events

#### 4.4.1 Market Disruption Event

Upon the occurrence of a Market Disruption Event on any Index Calculation Date, the Calculation Agent may, in its sole discretion deem and announce such a day either: (i) to be an Index Calculation Date and publish the Index Level using either: (a) the last reported Closing Price of the relevant Component Securities, (b) a good faith estimate of the value of the relevant Component Securities, or (b) a deemed value of zero for the relevant Component Security for the purposes of calculating the Index Level, or (ii) not to be an Index Calculation Date and as a consequence not calculate and publish the Index Level in respect of such day but only for a period not exceeding eight (8) Scheduled Trading Days. In such case, the first succeeding Index Calculation Date on which there is no Market Disruption Event as determined by the Calculation Agent, in its sole discretion, shall be the Index Calculation Date. Notwithstanding anything to the contrary in the foregoing, on the eighth (8th) Scheduled Trading Day, the Calculation Agent may either resume the calculation and publication of the Index Level having regard to the then prevailing market conditions, the last reported Closing Price of the relevant Component Securities or make such adjustment to the Index as it deems appropriate, including, but not limited to, replacing such affected Component Securities with other Eligible Securities from the RL.

The aim of such Calculation Agent adjustments is to maintain the basic principles and economic effect of the Index.

#### 4.4.2 Additional Disruption Event

If the Calculation Agent determines and announces the occurrence of any of the following: (a) a failure of trading to commence, or the permanent discontinuation of trading in any Component Security, (b) the number of the Component Securities traded on any relevant date is materially reduced or the liquidity in the market for any Component Security is otherwise reduced for any reason, (c) a change in, or amendment to, the laws, rules or regulations (including without limitation, any tax law) relating to any Component Security or a change in any application or interpretation of such laws, rules or regulations (including without limitation, any tax law), (d) trading or settlement in respect of any Component Security is subject to any material disruption temporarily or permanently, (each being an 'Index Adjustment Event'), then the Calculation Agent shall make any such adjustment to the Index as it deems appropriate, in its sole and absolute discretion within 5 Business Days from the date of announcement of such adjustment, including, but not limited to, the following adjustments:

- (i) selection of a successor Component Security to any affected Component Securities in accordance with the Component Security changes and review provisions as set out above;
- (ii) calculation of a substitute level for the affected Component Securities based on but not restricted to, the last published Closing Level of the affected Component Securities;
- (iii) any other adjustment as the Calculation Agent deems necessary or appropriate;
- (iv) permanent cessation of the calculation and publishing of the Index Level if, in the sole determination of the Calculation Agent, this is considered to be the preferred solution as determined in good faith between such parties.

#### 4.4.3 Corrections

If the Index Sponsor becomes aware that the level of the Component Securities or any other information used by it in connection with any calculation, determination or adjustment in respect of the Index and this Description has been corrected or adjusted, the Calculation Agent may, but shall not be obliged to use such corrected level or adjusted value, or other information and as consequence make any change, adjustment, determination or calculation it announces and, after having complied with a notification period of at least 5 Business Days, determines necessary or desirable to give effect to, or reflect such corrected or adjusted level or value or other information. No liability can be accepted for any losses resulting from such corrections.

### 4.5 Force Majeure Event

If a Force Majeure Event subsists or occurs on any Index Calculation Date that affects the determinations in respect of the Index on such Index Calculation Date, the Calculation Agent may, in its sole and absolute discretion:

- (i) make such determinations and/or adjustments to the terms of this Description relating to the Index as it considers appropriate to determine the Index on such Index Calculation Date and, on any Index Calculation Date hereafter; and/or
- (ii) postpone calculation and publication of the Index Level until the next Index Calculation Date on which it determines that no Force Majeure Event exists; and/or
- (iii) permanently cease to calculate and publish the Index Level where this is considered to be the preferred solution as determined in good faith by Investec acting as Calculation Agent and Index Sponsor.

## 4.6 Definitions

For the purposes of this Section 4:

'Closing Level' means, in relation to the Component Securities, the closing level of the Component Security on the Exchange on the relevant Index Calculation Date, as determined by the Calculation Agent.

'Corporate Action' means the occurrence of any of the following:

- (a) a subdivision, consolidation or reclassification of the relevant Component Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Component Securities to existing holders by way of bonus, capitalization or similar issue; or
- (b) a distribution, issue or dividend to existing holders of the relevant Component Securities of either (i) such Component Securities or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of a Component Security Issuer equally or proportionately with such payments to holders of such Component Securities or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Component Security Issuer as a result of a merger, de-merger, spin-off or other similar transaction or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent, in its sole discretion; or
- (c) an extraordinary dividend as determined by the Calculation Agent, in its sole discretion; or
- (d) a call by a Component Security Issuer in respect of relevant Component Securities that are not fully paid; or
- (e) a repurchase by a Component Security Issuer or any of its subsidiaries, of relevant Component Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (f) in respect of a Component Security Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Component Security Issuer, pursuant to a shareholder rights plan or arrangement directed against hostile take-overs that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value; or
- (g) as determined by the Calculation Agent, in its sole discretion provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (h) any other event that has or may have, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Component Securities.

'Exchange' means in relation to each Component Security the stock exchange on which such Component Security is principally traded, as determined by the Index Sponsor.

'Exchange Disruption' means any event that in the determination of the Calculation Agent disrupts or impairs the ability of market participants in general to: (i) effect transactions in, or obtain market values for Component Securities that comprise 20% or more of the level of the Index; or (ii) effect transactions in, or obtain market values for, futures or options contracts relating to the Index or the Component Securities on any related exchange.

'Extraordinary Event' means the occurrence of any of the following:

- (a) 'Insolvency' means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Component Security Issuer (i) all the shares of that Component Security Issuer are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the shares of that Component Security issuer become legally prohibited from transferring them; or
- (b) 'Insolvency Filing' means that a Component Security Issuer institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Component Security Issuer shall not be deemed an Insolvency Filing; or
- (c) 'De-Listing' means, in respect of any relevant Component Security, the Exchange announces that pursuant to the rules of such Exchange, such Component Securities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union); or
- (d) 'Merger Event' meaning, in respect of relevant Component Securities, any (i) reclassification or change of such Component Securities that results in a transfer of or an irrevocable commitment to transfer all of such Component Securities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Component Security Issuer, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Component Security Issuer is the continuing entity and which does not result in a reclassification or change of all of such Component Securities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Component Securities of the Component Security Issuer that results in a transfer of or an irrevocable commitment to transfer all such Component Securities (other than such Component Securities owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Component Security Issuer or its subsidiaries with or into another entity in which the Component Security Issuer is the continuing entity and which does not result in a reclassification or change of all such Component Securities outstanding but results in the outstanding Component Securities (other than Component Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Component Securities immediately following such event; or
- (e) 'Nationalisation' means that all the Component Securities or all or substantially all the assets of the share company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof; or
- (f) 'Tender Offer' meaning a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the Component Security Issuer based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent, in its sole determination,

deems relevant.

'Force Majeure Event' means an event or circumstance (including, without limitation, a systems failure, fire, building evacuation, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption, expropriation or confiscation by any authority to which it is subject, which deprives the Calculation Agent of substantially all of its assets) that affects the ability of the Calculation Agent to calculate or determine the Index.

'Market Disruption Event' means, in respect of a Component Security, the occurrence or the existence of (i) on any Index Calculation Date during the hour preceding the Valuation Time on the relevant Exchange, any suspension or limitation imposed on trading or the disruption or impairment in the ability of the market participants in general to effect transactions in (by reason of movements in price reaching or exceeding limits permitted by the relevant Exchange or otherwise) one or more Component Securities on a relevant Exchange or any other Exchange on which such Component Securities are listed, if, in the determination of the Calculation Agent such suspension or limitation is material, (ii) an Exchange Disruption which the Calculation Agent determines is material at any time during the hour preceding the Valuation Time on the relevant Exchange or for more than two hours during the relevant Scheduled Trading Day, or (iii) a Scheduled Trading Day on which the relevant Exchange fails to open for trading during its regular trading session.

'Scheduled Trading Day' means any day on which the relevant Exchange is scheduled to be open for trading for its regular trading sessions.

'Valuation Time' means the scheduled closing time of the relevant Exchange.

## 5. Index Calculation Frequency and Publication

### 5.1 Index Calculation

The Index is calculated by the Calculation Agent following the Close of Business, on each Index Calculation Date. The Calculation Agent shall aim to publish the Level of the Index by the end of the following Index Calculation Date. The Index Level is to be rounded to two decimal places.

### 5.2 Index Publication

The Index Sponsor will publish the Index via Bloomberg under the ticker symbol EURO70 <Index> and on any other data provider as the Index Sponsor reasonably deems appropriate.

Any Index Rebalancing, change, correction or event affecting the Index shall be available on request to the Calculation Agent or published in any other appropriate manner by the Index Sponsor as soon as practicable.

### 5.3 Input Data

The Calculation Agent uses various quality assurance tools to audit, monitor, and maintain the accuracy of its input data. While every reasonable effort is taken to ensure high standards of data integrity, there is no guarantee made for errors and Investec, in its role as Calculation Agent and/or the Index Sponsor cannot accept any liability for errors or inaccuracies in prices, calculations and the publication of any data and shall not be responsible for any inaccuracies or errors in the Index as a result of such inaccuracies or errors. Please refer to Section 5.4 – Data Correction for further details.

The Index is calculated using the Closing Prices issued by the relevant Exchange for each Component Security in the Index. If such relevant Exchange changes any Closing Price, such amended Closing Price will be used to calculate the Index.

A final check of Closing Prices is to be carried out on each Index Calculation Date between one hour and one hour and a half following the Close of Business.

Such time frame for amendments may be amended at the Calculation Agent's determination on days where the trading volume is unusually large at the Close of Business. Only changes received prior to such final check will be used in the calculation of the Index.

### 5.4 Data Correction

Where the Index is calculated on the basis of an incorrect Component Security or incorrect Corporate Action or other incorrect data and the Calculation Agent becomes aware of any such error it will effect all necessary adjustments to the Index as soon as practicable and make an announcement of the intended corrective action. Such corrective action may include changing the level of some or all historical Index Levels that may have been affected by such incorrect data. Investec in its role as Index Calculation Agent and Index Sponsor shall not take any responsibility for such incorrect data, any consequent corrections or the impact on the Index Level.

## 6. Modifications of the Index Description, change in the Index Methodology and Termination

### 6.1 Modifications of the Index Description

The Index Description may be supplemented, amended in whole or in part, revised, modified or withdrawn at any time. Such supplements, amendments, revisions, modifications and withdrawals may lead to changes in the Index methodology and the way in which the Index is constructed, calculated and maintained or affect the Index in another way.

Any adjustment proposed and announced by the Calculation Agent which are of a formal, minor or technical nature or are made to correct a manifest or proven error and which are not in conflict with the interests of any affected parties, may be effected to the extent that the Calculation Agent deems it relevant provided that a notification period of at least 5 Business Days shall be observed between the date on which a proposed change to the Index Description is announced and the date on which such change becomes effective.

Any adjustment resulting from any such supplements, amendments, revisions or modifications shall be made available to interested parties as soon as practicable and in such manner as the Index Sponsor deems appropriate.

No liability can be accepted by Investec, in its role as Index Sponsor and/or the Calculation Agent for any losses resulting from supplementing, amending, revising or withdrawing the Index Description.

## 6.2 Change in the Index Methodology

In calculating and determining the value of the Index, the Calculation Agent will employ the methodology described within this Index Description. While the Calculation Agent currently employs the methodology contained within this Index Description to calculate the Index, no assurance can be given that fiscal, market, regulatory, juridical, financial or other circumstances (including, but not limited to, any changes to or any suspension or termination of or any other events affecting transactions on the same or similar terms to any Component Security) will not arise that would, in the view of the Index Sponsor, necessitate or make desirable a modification or a change to such methodology. The Calculation Agent shall be entitled to make any such modification or change.

The Index Sponsor may announce modifications to the terms of the Index and make them in any manner that it may deem necessary or desirable, including (without limitation) to correct any manifest or proven error or to cure, correct or supplement any ambiguity or defective provision contained in this Index Description. In particular, but without limitation, the Index Sponsor may change the frequency of calculation of the Index Level at any time, and make such adjustment to the methodology described in this Index Description as it deems necessary, to take account of the amended frequency of calculation. The Index Sponsor will make available any such modification or change and the effective date thereof and will record such modification or change in Appendix 3, subject to a notification period as per Section 2.1.

Further to a Change in Index Methodology and subject to Section 2.1, the most recent version of the Index Description shall be deemed to be in force from the date of such modification and replace in its entirety the preceding version of the Index such that in the event of any conflict between the preceding version and the most recent version, the most recent version of the Index shall prevail.

Any changes referred to in this Section 6 shall only be made with the prior written consent of the Calculation Agent.

## 6.3 Termination

The calculation and dissemination of the Index may, at any time and without notice, be terminated.

## 7. Disclaimers

Although the Index Sponsor shall obtain information for inclusion in or for use in the calculation of the Index from sources which the Index Sponsor considers reliable, the Index Sponsor shall not independently verify such information and does not guarantee the accuracy and/or the completeness of the Index or any data included herein. The Index Sponsor is under no obligation to advise any person of any error in the Index.

The Index Sponsor makes no express or implied representation or warranty concerning : (i) the accuracy or completeness of this Index Description, (ii) whether or not the Index may achieve any particular level or meet or correlate with any particular objective or (iii) the fitness for any purpose of the Index or this Index Description.

The Index Sponsor accepts no liability resulting from the negligence, fraud, or default of any person in connection with (i) this Index Description and (ii) its publication and dissemination of the Index.

While the Calculation Agent will make reasonable efforts to ensure the accuracy of the composition, calculation, publication and adjustment of the Index in accordance with this Index Description, the Calculation Agent shall have no liability in the back-dated calculation prior to the Live Date or in relation to any index calculation for any error, omission, suspension or interruption in calculating the Index. Although some adjustments or calculation information have been provided by the Calculation Agent, such adjustments or calculations are based on information furnished by third parties believed to be reliable, the accuracy and completeness of such information has not been verified by the Calculation Agent.

Investec, acting as both Calculation Agent and Index Sponsor cannot be held liable for any modification or change in the Index Methodology used in the calculation of the Index.

Investec in its role as Calculation Agent and Index Sponsor is under no obligation to continue the calculation, publication or dissemination of the Index and cannot be held liable for any suspension or interruption in the calculation, publication and dissemination of the Index.

Investec in its role as Calculation Agent and Index Sponsor shall not have any liability whether by negligence or default in connection with the Index Level at any given time. Investec, in its role as Calculation Agent and Index Sponsor shall not be liable whether by wilful negligence or default to any person for any error in the Index and Investec is under no obligation to advise any person of any error therein. Investec, in its role as Calculation Agent and Index Sponsor, shall not be held liable for any loss whatsoever, directly or indirectly related to the Index. Without limiting any of the foregoing, in no event shall the Index Sponsor have any liability (whether in negligence or otherwise) to any person for any direct, indirect, special, punitive, consequential or any other damage (including lost profits) even if notified of the possibility of such damages. This Index Description contains no provisions relating to any product

referencing the Index. Should any product referencing the Index be issued, created, sold or otherwise distributed, provisions relating to a possible liability with respect to such product will be dealt with in a separate document.

The Index Sponsor and its affiliates may from time to time engage in transactions involving the Component Securities for their proprietary accounts and for accounts under their management. Such transactions may have a positive or negative effect on the value or level of the Components Securities and consequently upon the Index Level, and in engaging in such transactions none of the Index Sponsor and its affiliates shall be under any obligation to act in the interests of users of the Index and/or parties exposed to products referencing the Index. The Index Sponsor and its affiliates may from time to time act in multiple capacities with regard to the Index or any products referencing the Index. The Index Sponsor and its affiliates may issue, enter into, create, purchase, sell or otherwise distribute derivative instruments in respect of the Index or Component Securities and the introduction of such products into the marketplace may affect the Index Level.

The Index Sponsor may, in certain cases, act as a market-maker or sponsor for the Component Securities. By such sponsoring or market-making, the Index Sponsor may, to a large extent, determine the price of the Component Securities, and consequently influence the Index Level.

The prices quoted by the Component Security Issuers in its sponsoring or market-making function will not always correspond to the prices which would have prevailed without such sponsoring or market-making and in a liquid market. The Index Sponsor and/or its affiliates may acquire non-public information with respect to the Component Securities (or components thereof), and neither the Index Sponsor nor any of its affiliates undertakes to disclose any such information to any user of the Index. In addition, one or more of the Index Sponsor's affiliates may publish research reports with respect to the Component Securities. Such activities could present conflicts of interest and may affect the Index Level.

The 'Euro 70 Low Volatility Index' is an Investec Bank plc proprietary index. Any use of this Index or its name must be with the consent of Investec Bank plc.

## 8. Definitions and Interpretation

'Bloomberg' means Bloomberg L.P. or any of its affiliates and subsidiaries.

'Bloomberg Ticker' means the abbreviation assigned by Bloomberg to a given Security for trading purposes, which may or may not be an exchange symbol.

'Business Day' means each day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and Foreign Currency Deposits) and clearing in London and that is a London settlement Day (as such term is defined in the ISDA Definitions).

'Calculation Agent' means the entity or the person responsible for calculating and publishing the Index, as described in the Index Description, as may be replaced or substituted from time to time.

'Closing Price' means, in relation to each Component Security and an Exchange Business Day, the closing price of such Component Security on the relevant Primary Exchange.

'Close of Business' means, in relation to a Primary Exchange, the time at which such Exchange ceases trading on an Index Calculation Date.

'Closed-End Fund' means a fund that has a specific number of issued shares where price movement is determined by supply and demand and the fund trades on an Exchange or Exchanges, in a manner similar to shares. The shares of a closed-end fund are not redeemable but may be bought and sold on exchanges or over-the-counter markets. The price per share of a closed-end fund does not usually equal the net asset value (NAV) of such share and the difference between the market price and the NAV of such share is the premium or discount.

'Component Security' means a security that has been included in the composition of the Index. 'Component Security Issuer' means the issuer of a Component Security.

'Component Security Set' means, at any time, the set of 70 Component Securities to be included in the Composition of the Index as may be adjusted on each Index Rebalancing Date in accordance with this Index Description (the latter set being thereafter referred to as the 'Rebalanced Component Security Set').

'Component Security Weight' means the percentage amount each Component Security represents in the Component Security Set/Equity Constituent, as determined by the Calculation Agent, on each Index Rebalancing Date.

'Declared Dividend' means an ordinary cash distribution, special cash distribution, issue or dividend to existing holders of the relevant Component Security, declared by the Issuer of such Component Security (being the amount payable before deduction of any withholding or deduction for or on account of any tax which would have been made by or on behalf of the Issuer in respect of the dividend, but not taking into account any associated tax credit arising under the law of the jurisdiction of the Issuer) and which shall not include any extraordinary, or bonus dividend or other cash distribution exceeding 10% of the last cum-dividend closing price of the relevant Component Security, each as determined by the Calculation Agent.

'Disrupted Index Calculation Date' means a day on which the Index Level cannot be determined as a result of any or all of the events described in Section 4, or any other event which the Calculation Agent on such day determines, in its sole and absolute discretion after consultation with the Index Sponsor, prevents a calculation of the Index Level being made.

'Dynamic Exposure Factor' has its meaning given in Section 3.4.

'Eligible Issuer' means the issuer of an Eligible Security.

'Eligible Security' means a security that is eligible for inclusion in the List of Eligible Securities and is also potentially qualified to become a Component Security.

'Equity Constituent' means the current set of 70 Component Securities on any particular Index Calculation Day. In this document, the Equity Constituent is primarily referred to with respect to the Index Allocation Percentage on any particular Index Calculation Day.

'EUR' means Euro, being the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time by the Treaty on European Union.

'Exchange' means, in relation to each Component Security, the stock exchange on which such Component Security is principally traded, as determined by the Index Sponsor.

'Exchange Business Day' means any day on which the relevant Exchange is open for trading during its regular trading session(s), notwithstanding any such Exchange (or Related Exchange) closing prior to its scheduled closing time.

'Ex-Dividend Date' means the first date on which a security is traded without entitling the holder to receive distributions previously declared.

'Exchange Traded Fund' or 'ETF' is an investment vehicle traded on stock exchanges, much like stocks. An ETF holds assets such as stocks or bonds and trades at approximately the same price as the net asset value (NAV) of its underlying assets over the course of the trading day.

'FX Exchange Rate' means the relevant closing FX Rate as published on Bloomberg as the 16:00 London (GMT) closing rate.

'Hedging Activity' means trading in any of the Component Securities or in any financial instruments relating to any of the Component Securities, in each case the purpose of hedging any obligation incurred by any entity of the which are linked to the performance of the Index.

'Index' means the Euro 70 Low Volatility Index.

'Index Adjustment' is defined in Section 4.

'Index Base Level' is defined in Section 1.

'Index Base Date' is defined in Section 1.

'Index Calculation Day' means a day on which all Primary Exchanges pertinent to the Component Security Set are open and have published stock prices.

'Index Description' means this document which describes the Index.

'Index Objective' has the meaning given in Section 1.1.

'Index Methodology' means the methodology used in order to calculate and publish the Index. The Index Methodology is the set of rules contained within all sections of this Index Description.

'Index Rebalancing' the process whereby the new Component Security Set is determined on each Index Selection Date by adding newly selected Component Securities to effect a re-allocation from the previous Component Securities to the new Component Securities based on Component Security Weights and Closing Prices on the Index Rebalancing Date.

'Index Rebalancing Date' is defined in Section 2.6.

'Index Rebalancing Period' is defined in Section 2.

'Index Reference Currency' is defined in Section 2.

'Index Rules' means the terms, conditions and Index Methodology which are necessary to define the Index.

'Index Sponsor' means Investec Bank plc.

'Index Selection Date' is defined in Section 2.6.

'Investec' means Investec Bank plc.

'ISDA Definitions' means the definitions as published from time to time by the International Securities and Derivatives Association.

'List of Eligible Securities' or 'LES' means the List of the Component Securities from which the Index can be formed.

'Live Date' means 01/08/2014.

'Price Return' means an amount equal to the price of a security assuming no reinvestment of net dividends.

'Primary Exchange' means the Exchange on which the Component Security has its primary listing.

'Reserve List' or 'RL' is defined in Section 2.

'Review Timetable' has its meaning given on page 7.

'Royalty Trust' means an oil or gas company spins off property to its shareholders, which means it will not be taxed at the corporate level and will offer high returns to stockholders.

'Selection Procedure' means the methodology by which the Index Sponsor selects the Component Securities.

'Selection Universe' is defined in Sections 1 and 2.

'Selection Criteria' is defined in Sections 1 and 2.

'Structured Investment Vehicle (SIV)' means a fund that may borrow money by issuing short-term securities at low interest and then lends that money by buying long-term securities at higher interest, making a profit for investors from the difference.

'Target Volatility Level' is defined in Sections 1 and 3.



## 9. Appendices and Annex

### Appendix 1. Initial List of Eligible Securities

Data as of the Index Base Date.

The following table details the LES for the initial composition of the Index according to the methodology outlined in this Index Description and lists the Component Securities initially eligible.

	Bloomberg Ticker	Name
Security_1	ECMPA NA Equity	EUROCOMMERCIAL PROPERTIE-NV
Security_2	PNN LN Equity	PENNON GROUP PLC
Security_3	511160Q LN Equity	HYDER PLC
Security_4	UNIQ LN Equity	UNIQ LTD
Security_5	WVB GR Equity	WUERTT AG VERSICH-BETEIL
Security_6	HMSO LN Equity	HAMMERSON PLC
Security_7	SSE LN Equity	SSE PLC
Security_8	IKB GR Equity	IKB DEUT INDUSTRIEBANK AG
Security_9	VTT GR Equity	VATTENFALL EUROPE AG
Security_10	KYG ID Equity	KERRY GROUP PLC-A
Security_11	VOH GR Equity	VOLKSFUERSORGE HOLDING AG
Security_12	LAND LN Equity	LAND SECURITIES GROUP PLC
Security_13	MRW LN Equity	WM MORRISON SUPERMARKETS
Security_14	AWG LN Equity	AWG PARENT CO LTD
Security_15	KEL LN Equity	KELDA GROUP LTD
Security_16	ROG VX Equity	ROCHE HOLDING AG- GENUSSSCHEIN
Security_17	COLOB DC Equity	COLOPLAST-B
Security_18	AGF FP Equity	ALLIANZ FRANCE
Security_19	AUN LN Equity	ALLIANCE UNICHEM PLC
Security_20	ENH SM Equity	EMPRESA HIDROELECTRICA DEL R
Security_21	ABP LN Equity	ASSOCIATED BRITISH PORTS HOL
Security_22	REP SM Equity	REPSOL SA
Security_23	PWG LN Equity	POWERGEN LTD
Security_24	EXL LN Equity	EXEL LTD
Security_25	SVT LN Equity	SEVERN TRENT PLC
Security_26	BNZL LN Equity	BUNZL PLC
Security_27	IMT LN Equity	IMPERIAL TOBACCO GROUP PLC
Security_28	BAA LN Equity	LHR AIRPORTS LTD
Security_29	3123739Q LN Equity	PEARL GROUP HOLDINGS NO 1 LT
Security_30	SZU GR Equity	SUEDZUCKER AG
Security_31	BMAH LN Equity	BURMAH CASTROL PLC
Security_32	GE1 GR Equity	GENERALI DEUTSCHLAND HOLDING
Security_33	MEPC LN Equity	MEPC PLC
Security_34	AB/ LN Equity	ALLIANCE BOOTS HOLDINGS LTD
Security_35	FLXT LN Equity	FLEXTECH PLC
Security_36	CLS1 GR Equity	CELESIO AG
Security_37	DCO DC Equity	DANISCO A/S
Security_38	BP/ LN Equity	BP PLC
Security_39	1017087Q LN Equity	THAMES WATER LTD
Security_40	CEP SM Equity	CIA ESPANOLA DE PETROLEOS SA
Security_41	PFG LN Equity	PROVIDENT FINANCIAL PLC
Security_42	SZE FP Equity	SUEZ SA - FRACTIONAL
Security_43	WIE AV Equity	WIENERBERGER AG
Security_44	ALB SM Equity	CORPORACION FINANCIERA ALBA
Security_45	HNS LN Equity	HANSON LTD
Security_46	III LN Equity	3I GROUP PLC
Security_47	VIV FP Equity	VIVENDI
Security_48	SN/ LN Equity	SMITH & NEPHEW PLC
Security_49	SPW LN Equity	SCOTTISH POWER LTD
Security_50	BOC LN Equity	BOC GROUP LTD/THE
Security_51	1029Q BB Equity	ELECTRAFINA-OLD
Security_52	IBE SM Equity	IBERDROLA SA

Security_53	RDA NA Equity	ROYAL DUTCH PETROLEUM
Security_54	CBRY LN Equity	CADBURY LTD
Security_55	SCH GR Equity	BAYER SCHERING PHARMA AG
Security_56	BLND LN Equity	BRITISH LAND CO PLC
Security_57	RF FP Equity	EURAZEO
Security_58	44131Q FP Equity	DEXIA FRANCE
Security_59	RIO LN Equity	RIO TINTO PLC
Security_60	CPR PL Equity	CIMPOR-CIMENTOS DE PORTUGAL
Security_61	BG/ LN Equity	BG GROUP PLC
Security_62	BAS GR Equity	BASF SE
Security_63	DCG GR Equity	CONTIGAS DT ENERGIE AG
Security_64	BAYN GR Equity	BAYER AG-REG
Security_65	SDB NA Equity	SUPER DE BOER
Security_66	EMA LN Equity	TOP RIGHT GROUP LTD
Security_67	SOF LN Equity	SOMERFIELD PLC
Security_68	AZN LN Equity	ASTRAZENECA PLC
Security_69	BN FP Equity	DANONE
Security_70	BSY LN Equity	BRITISH SKY BROADCASTING GRO

## Appendix 2. Initial Reserve List

Data as of the Index Base Date.

The following table details the current Reserve List that would replace any of the Component Securities of the Index according to the methodology outlined in this Index Description.

	Bloomberg Ticker	Name
Reserve_List_1	NUM NA Equity	KONINKLIJKE NUMICO NV
Reserve_List_2	WKL NA Equity	WOLTERS KLUWER
Reserve_List_3	EURS FP Equity	FONCIERE EURIS
Reserve_List_4	IVG GR Equity	IVG IMMOBILIEN AG
Reserve_List_5	BREB BB Equity	BREDERODE
Reserve_List_6	GLB ID Equity	GLANBIA PLC
Reserve_List_7	AH NA Equity	KONINKLIJKE AHOLD NV
Reserve_List_8	GEVA BB Equity	GEVAERT NV
Reserve_List_9	PAKN NA Equity	PAKHOED NV
Reserve_List_10	SOLB BB Equity	SOLVAY SA
Reserve_List_11	BCP PL Equity	BANCO COMERCIAL PORTUGUES- R
Reserve_List_12	EVN AV Equity	EVN AG
Reserve_List_13	SITA FP Equity	S.I.T.A.
Reserve_List_14	GZ FP Equity	AZEO (EX GAZ ET EAUX)
Reserve_List_15	ZOT SM Equity	ZARDOYA OTIS SA
Reserve_List_16	0261211D GR Equity	DBV HOLDING AG
Reserve_List_17	NSU GR Equity	AUDI AG
Reserve_List_18	NHY NO Equity	NORSK HYDRO ASA
Reserve_List_19	G IM Equity	ASSICURAZIONI GENERALI
Reserve_List_20	DANSKE DC Equity	DANSKE BANK A/S

## Appendix 3. Amendments to the Index Methodology

Pursuant to the Index Description, any amendment to the Index Rules shall be described hereunder and the effective date of any such amendment shall be stated as soon as reasonably practicable after the determination by the Index Sponsor that such amendments are required, as outlined in Section 2.1.

Issue	Date	Change
1.0	Index Live Date	First Release

1.1	1 August 2018	<p>Index Rebalancing Date (being two TARGET Business Days following the Index Selection Date in each month unless such day is not an Index Calculation Day or such day falls on a Disrupted Index Calculation Date, in which case the Index Rebalancing Date shall be the next following Index Calculation Date which is not a Disrupted Index Calculation Date).</p>
1.2	March 2020	Index is calculated, published and rebalanced by Investec Bank plc as "Calculation Agent"
1.3	June 2021	<p>Clarification of how the volatilities of 1 and 2 years are weighted, according to the formula:</p> $\sigma_{hist C_j} = 0.7 \times \sqrt{\frac{252}{251} \sum_{i=1}^{252} \left[ \ln \left( \frac{PC_j(t+1-i)}{PC_j(t-i)} \right) - \frac{1}{252} \sum_{i=1}^{252} \left[ \ln \left( \frac{PC_j(t+1-i)}{PC_j(t-i)} \right) \right]^2 \right]} + 0.3 \times \sqrt{\frac{252}{503} \sum_{i=1}^{504} \left[ \ln \left( \frac{PC_j(t+1-i)}{PC_j(t-i)} \right) - \frac{1}{504} \sum_{i=1}^{504} \left[ \ln \left( \frac{PC_j(t+1-i)}{PC_j(t-i)} \right) \right]^2 \right]}$

#### Appendix 4. Indicative List of Index Adjustments following a Corporate Action

Corporate Action	Indicative Index Adjustment
<b>Component Security Replacement</b>	Index Rebalancing with replacing security on date of change.
<b>Share Issuance (when change is ≥ 5 per cent.)</b>	Adjust price series of affected Component Security according to the Calculation Agent's ordinary Rules (only where repurchase is for cancellation).
<b>Share Repurchase/Redemption (when change is ≥ 5 per cent.)</b>	Adjust price series of affected Component Security according to the Calculation Agent's ordinary Rules (only where repurchase is for cancellation).
<b>Spinoff *</b>	<p>Subtract the following from the Price of the affected Component Security:</p> <p><u>Share exchange ratio</u> Spinoff stock price</p> <p>Adjust the price series of the affected Component Security from date of Corporate Action back to the preceding Index Rebalancing Date;</p>
<b>Stock Splits</b>	The split ratio is to be applied to the price series concerned back to the date of the preceding Index Rebalancing Date.
<b>Reverse Splits</b>	The split ratio is to be applied to the price series concerned back to the date of the preceding Index Rebalancing Date.
<b>Special Cash Dividend</b>	To be treated in the same way as ordinary dividends.
<b>Rights Offering</b>	<p>Subtract the following from the Closing Price of the affected Component Security:</p> <p><u>Price of rights</u> Rights Ratio</p> <p>adjust the price series of the affected Component Security from the effective date of such Corporate Action back to the previous Index Rebalancing Date.</p>

\* Special note on Spin-Offs: if a Company being spun off is only trading on a "when-issued" basis, the "when-issued" price will be used to adjust the affected Component Security's Closing Price.

## Appendix 5. Indicative List of Index Adjustments following an Extraordinary Event

Extraordinary Events are as defined in Section 4, above.

Extraordinary Event	Indicative Index Adjustment
<b>Merger Event</b>	Upon the occurrence of a Merger Event an Index Rebalancing shall be effective from the date that the Component Issuer's listed securities drop below the Liquidity threshold as defined in Section 2.3, above.
<b>Spin-off</b>	If a Component Security Issuer splits or spins off (demerges) a portion of its business to form one or more new companies, the Component Security Issuer will remain on the LES, with the company that has been spun off or demerged to be considered for inclusion on the LES. An Index Rebalancing may occur if deemed appropriate by the Calculation Agent at the time of such spin-off.
<b>Insolvency or Insolvency Filing</b>	A Component Security will be removed and replaced on the occurrence of insolvency filing. Index Rebalancing will occur on the date of such removal. The exact date of such removal is to be determined by the Calculation Agent who shall endeavour to make such determination as soon as reasonably practicable after learning of such filing. Exceptions to the removal of a Component Issuer will be made on a case-by-case basis at the Calculation Agent's sole and absolute discretion.
<b>De-listing</b>	A Component Security will be replaced immediately following its delisting from its primary market and an Index Rebalancing will occur on the date of such delisting.
<b>Nationalisation</b>	A Component Security will be replaced immediately following the occurrence of a Nationalisation and the Index will be rebalanced by the Calculation Agent. An Index Rebalancing will occur on the date of such removal.
<b>Tender Offer</b>	A Component Security will be removed and replaced on the occurrence of a Tender Offer. Index Rebalancing will occur on the date of such removal. The Calculation Agent shall determine whether an Index Rebalancing will occur on the date of such tender offer.

<b>CLIMATE-RELATED DISCLOSURES</b>
<b>SECTION 1 – CONSIDERATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) FACTORS.</b>

<b>Item 1.</b> Name of the benchmark administrator.	Investec Bank PLC
<b>Item 2.</b> Type of benchmark.	Equity Benchmarks
<b>Item 3.</b> Name of the benchmarks	EURO 70 Low Volatility Index
<b>Item 4.</b> Does the benchmark pursue ESG objectives?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> <b>No</b>
<b>Item 5.</b> Where the response to Item 4 is negative, is any EU Climate Transition Benchmark or EU Paris-aligned Benchmark available in the portfolio of the benchmark administrator or does the benchmark administrator have benchmarks that pursue ESG objectives or take into account ESG factors?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> <b>No</b>