

July 2013

1. Methodology

This document describes the Index Rules for the UCITS Alternative Index Benchmarks (“UAI Benchmarks”) and defines the procedures and calculation of the UAI Benchmarks.

2. Definitions

AUM:

Assets under management (“AUM”) of each absolute return fund included in the database. AUM shall be measured in EUR with non-EUR denominated absolute return funds AUM converted into EUR. Only AUM from UCITS compliant vehicles are taken into account.

Calculation Methodology

The monthly index value is the respective equally weighted average monthly returns of the underlying absolute return funds constituents. New funds can be added to the Index on a monthly basis. Historical performances are not recalculated when new funds are added.

The Index Return on a particular date is given by the formula

$$R_t = \frac{\sum_{i=1}^N r_{ti}}{N}$$

Where

R_t = monthly return at time t
 r_{ti} = monthly return for the i UCITS Alternative Fund at time t
 N = total number of funds included in the index

Currency

The base currency of the Index is Euro. Therefore the Euro share class with the lowest fees available of each fund is taken into account for the index calculation. Should there not be a Euro share class, the class with the largest AUM, irrespective of the currency, is taken into account for the Index calculation.

Absolute Return Funds Information Requirements

In order to be included in the UCITS Alternative Index, absolute return funds must provide the following information:

1. Month-end performance data since inception. Only data from the current UCITS vehicle are taken into account (i.e. no prior offshore performance proxy). When different share classes are available, figures for the EUR share class with the lowest fees structure are used.
2. Month-end assets under management for the fund since inception (all share classes combined).
3. Comprehensive description of the investment strategy.
4. Latest prospectus and latest audit (if available).

Absolute Return Fund Definition

Absolute return funds are, for the purpose of the UCITS Alternative Index, publicly available UCITS III (or greater) compliant funds with an absolute return mandate. Among other differentiation criteria, UCITS absolute return funds can take short positions, target absolute return and charge performance fees.

Inclusion Criteria

To be taken into consideration for inclusion into the Index, Funds have to meet the following criteria:

1. Comply with the UCITS III or greater regulation
2. Pursue absolute return fund strategy (see absolute return fund definition)
3. Publish a daily, weekly or bi-monthly NAV

Index Classification

The Index Provider designates a sub-index strategy through consideration of the fund documentation, discussion with fund manager, and any other relevant factors. Sub-index designations are reviewed periodically, and funds may from time to time, be assigned to another sub-index at the discretion of the Index Provider.

Index Construction

The Index Provider shall have full discretion of the index construction rules. The Index Provider shall not be under any liability to any party on account of any loss suffered by any party in connection with anything done, determined or selected or not done, determined or selected by the Index Provider in connection with the Index.

Index Precision

Index Values are published with two decimal places. Internal index values are calculated with 6 decimal places.

Index Provider

Alix Capital is the official Index Provider of the UCITS Alternative Index. The Index Provider is responsible for collecting, calculating and producing the UCITS Alternative Index family of indices.

Non Reporting Funds

Funds are removed from the index when they cease reporting to the Index Provider or the usual financial data suppliers. Funds removed from the Index are not eligible for re-inclusion into the Index.

Official website

The website www.ucits-alternative.com is the official Index website on which the Index performance and all other official information are published.

Publication date

The indices are calculated on a monthly basis. The final performances are usually published on the 3th business day following the end of each particular month. Once published, index values are not recalculated.

Reporting Requirement

Funds must report NAV on a daily, weekly or by-monthly basis and provide AUM on a monthly basis to be taken into account for inclusion into the Index.

Rules

This Index Rules document as amended from time to time.

Share Class Selection Rules

When a fund has several different share classes, the following rules apply for the selection of the class taken into account for the index calculation (by importance of order):

1. Euro class when available
2. Lowest fee share class
3. Class with largest assets under management

Starting Date

The starting date of the UCITS Alternative Index Global is 1st January 2006. The starting date of the following indices is 1st January 2008: UCITS Alternative Index Fund of Funds, UCITS Alternative Index Long/Short Equity, UCITS Alternative Index Equity Market Neutral, UCITS Alternative Index Fixed Income, UCITS Alternative Index CTA, UCITS Alternative Index Macro, UCITS Alternative Index Event Driven, UCITS Alternative Index Emerging Market, UCITS Alternative Index Commodities, UCITS Alternative Index Multi-Strategy, UCITS Alternative Index Volatility.

3. Strategy definition

UCITS Alternative Index Global

All single UCITS absolute return funds included in UCITS Alternative Index database. Constituents funds must meet the UCITS III (or greater) regulation.

UCITS Alternative Index Fund of Funds

UCITS Alternative Index funds that invest in other UCITS absolute return funds. UCITS compliant actively managed index of absolute return funds may also be included.

UCITS Alternative Index Commodities

UCITS Absolute Return Commodities funds invest in commodities related instruments. Managers aim to profit from price inefficiencies prevalent in the global commodity markets both with a directional or relative value approach. Funds may employ arbitrage, directional, market neutral or a combination of these strategies. Investment decisions might be systematic, discretionary or a combination of both.

UCITS Alternative Index CTA

UCITS Absolute Return CTA funds invest in listed bond, equity, commodity and currency futures on a global basis. Managers tend to employ systematic trading programs based on historical price data and market trends. Strategy can be either short term, long term or a combination of both. Some managers might also use a discretionary overlay.

UCITS Alternative Index Emerging Market

UCITS Absolute Return Emerging Market funds invest both long and short in currencies, fixed income instruments, equities and derivative instruments of countries with emerging or developing markets. Funds may employ arbitrage, directional, market neutral or a combination of these strategies.

UCITS Alternative Index Equity Market Neutral

UCITS Absolute Return Equity Market Neutral funds take both long and short positions in equities while minimizing exposure to the general market movements. Funds may employ statistical arbitrage, quantitative long/short, fundamental long/short and index arbitrage or a combination of these strategies.

UCITS Alternative Index Event Driven

UCITS Absolute Return Event Driven funds seek to profit from potential mispricing of securities related to a specific corporate or market events such as mergers, reorganizations, spin-offs and legislative changes as well as other types of corporate events. Funds may use a variety of liquid instruments to implement their trading strategies.

UCITS Alternative Index Fixed Income

UCITS Absolute Return Fixed Income funds invest both long and short in fixed income securities. Managers use one or a combination of fixed income or credit instruments with either a market neutral or directional bias. Managers may trade derivatives products such as options and swaps and have focus on specific credit ratings or geography exposure.

UCITS Alternative Index FX

UCITS Absolute Return FX funds invest in currency markets via a variety of instruments such as cash, forwards, futures and options. Managers focus on directional, relative value or volatility strategies based on discretionary or systematic approach.

UCITS Alternative Index Long/Short Equity

UCITS Absolute Return Long/Short Equity funds invest both long and short in equity markets across specific sectors, regions or market capitalizations. Managers have either a global or regional, sector or market cap focus. They may have flexibility to shift from net long to net short. Managers may also implement part or all of their strategy via equity futures and options.

UCITS Alternative Index Macro

UCITS Absolute Return Macro funds invest in a variety of financial instruments to exploit inefficiencies in price valuations or trend anticipations. Macro funds may be systematic or discretionary.

UCITS Alternative Index Multi-Strategy

UCITS Absolute Return Multi-strategy funds use a combination of strategies in a variety of assets classes. The set of strategies might both be fixed or variable, and focus on one or a variety of instruments. They may have a discretionary or systematic approach.

UCITS Alternative Index Volatility

UCITS Absolute Return Volatility funds seek to profit from changes in the price of volatility. They may employ arbitrage, directional, market neutral or a combination of these strategies and use both listed and unlisted instruments.

4. Disclaimer

Responsibility of the Index Provider

These Rules shall be applied by the Index Provider in a reasonable manner and according to the information and investment terms made available to it. Notwithstanding that these Rules have been formulated to be as comprehensive as practicable, situations are expected to arise where the Rules are unclear. The Index Provider will resolve matters of interpretation with respect to these Rules including, without limitation, ambiguities in these Rules, by consultation with the Scientific Committee. It is the responsibility of the Index Provider to interpret and resolve any ambiguities in these Rules in a reasonable manner (and, as noted above, this may necessitate an amendment to these Rules). The Index Provider and the Scientific Committee shall not be under any liability to any party on account of any loss suffered by such party (howsoever such loss may have occurred) in connection with anything done, determined or selected (or omitted to be done, determined or selected) by the Index Provider or the Scientific Committee in connection with the Index. In particular (but without limitation), the Index Provider and the Scientific Committee shall not be liable for any loss suffered by any party as a result of any determination or calculation which it may make (or fail to make) in relation to the construction or the valuation of the Index and, once made, neither the Index Provider nor the Scientific Committee shall be under any obligation to revise any determination or calculation made by it for any reason.

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