

# **Janus SG Global Trends Index (USD – Excess Return)**

## **Index Rules**

Version dated September 27, 2019

# Janus SG Global Trends Index (USD – Excess Return)

## Index Rules Summary

### 1.1 Index Description

The Janus SG Global Trends Index (the “**Index**”) is a rules-based index that tracks the performance of a systematically weight-adjusted basket of multi-asset ETFs and one underlying index with a volatility control mechanism. Specifically, the Index employs a systematic, algorithmic and rules-based strategy to track 11 underlying ETFs and one underlying index representing various asset classes, with the aim of providing diversification via the Equal-Risk Contribution Methodology and maximum return optimization under constraints discussed below. The Index undergoes a systematic rebalancing process that seeks to optimize its exposure to the Underlying Basket (as defined below), while maintaining its volatility close to a pre-defined target level of 5%. The exposure of the Index to the Underlying Basket can reach a maximum leveraged exposure of 175% of the Index Level (as defined below).

The Index is calculated and published by S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) (the “**Index Calculation Agent**”) and is sponsored by Société Générale (the “**Index Sponsor**”).

### Main Characteristics

<b>Bloomberg ticker:</b>	SGIXJSGT <Index>
<b>Type of Return:</b>	Excess Return
<b>Calculation Frequency:</b>	Daily
<b>Publication Time:</b>	End of Day
<b>Index Launch Date:</b>	September 27, 2019
<b>Currency:</b>	USD
<b>Fees and Costs:</b>	As specified under the “Index Fees and Costs” section below
<b>Index Asset Class:</b>	Multi-Asset
<b>Index Components:</b>	ETF; Underlying Index; Market Data

### 1.2 Mechanism

#### **1.2.1 Index Composition**

The Index is composed of a basket of ETFs and one Underlying Index (each, a “**Basket Component**”, together the “**Underlying Basket**”) where the weighting assigned to each Basket Component is determined on a monthly basis in accordance with the methodology summarized in Section 1.2.2. The Basket Components are listed in Appendix 1.

The Index attempts to limit its volatility through the use of a volatility control mechanism, where the exposure of the Index to the Underlying Basket varies on a daily basis in accordance with input parameters summarized in Section 1.2.3.

#### **1.2.2 Composition and Monthly Review of the Underlying Basket**

The composition and allocation of the Underlying Basket is reviewed on a monthly basis according to a proprietary model based on a momentum filter and the Equal-Risk Contribution methodology (the “**ERC Momentum Methodology**”) developed by the Index Sponsor and described in Section 3.

Every month, the strategy looks at a momentum signal based on the forward starting swap rate 10 years 10 years over the 60 day period preceding a specific date (i.e., the relevant Review Date). The “forward starting swap rate 10 years 10 years” is the rate for an interest rate swap that begins in ten years and matures in ten years. The momentum signal is used to determine the maximum weight for each Basket Component. The ERC methodology aims to weight the allocation of the Basket Components in the Underlying Basket so that each Basket Component provides the same marginal risk to the Index while remaining at or below its maximum weight which is determined by the current state, which is determined by reference to the relevant state and takes into account such Basket Component’s historical volatility and

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its historical correlation to the other Basket Components. The maximum weights are set out in Appendix 1. The momentum overlay aims to overweight (underweight) the outperforming (underperforming) Basket Components based on their past performances under diversification constraints. The resulting weightings are applied to the Basket Components so as to determine the composition of the Underlying Basket. The initial allocation of the Underlying Basket is displayed in Appendix 1.

### 1.2.3 Daily “Vol Target” Mechanism

The Index is constructed pursuant to a daily volatility target process where the deemed exposure of the Index to the Underlying Basket (the “**Exposure**”) is based on a formula using the following inputs:

- (i) the short term historical volatility of the Underlying Basket;
- (ii) a target volatility of 5%; and
- (iii) the historical volatility of the Index itself;

so that, in most cases:

- when the volatility of the Underlying Basket exceeds 5%, the Exposure will generally be less than 100% (subject to a minimum Exposure of 0%).
- when the volatility of the Underlying Basket falls below 5%, the Exposure will generally be greater than 100% (subject to a maximum Exposure of 175%).

### 1.3 Index Fees and Costs

The Index is calculated net of the following fees and costs:

<b>Maintenance Fee, “MF”</b>	0.50%. This fee is expressed in percentage of the Index Level (as defined herein) and reflects the Index Sponsor’s compensation for structuring and maintaining the Index.
<b>Fixed Replication Costs:</b>	means, in respect of each Basket Component, the theoretical fixed running costs that would be incurred in connection with replicating the performance of such Basket Component. The Fixed Replication Costs are calculated daily and accrue on a daily basis on the level or price of such Basket Component. The Fixed Replication Costs are set out in Appendix 1.
<b>Fixed Transaction Costs:</b>	means, in respect of each Basket Component, the theoretical fixed costs that would be charged in relation to the deemed purchase or liquidation of such Basket Component, pursuant to changes in the Exposure of the Index to such Basket Component and which cost shall be reflected in the Index Level at the time of such changes. The Fixed Transaction Costs are set out in Appendix 1.

### 1.4 Technical Rectification of Index Rules

These Index Rules may be amended from time to time, consistent with the economic strategy of the Index, by the Index Sponsor acting in good faith and a commercially reasonable manner to cure ambiguities, errors and omissions.

For convenience, the Index Sponsor may from time to time replace a data provider, publisher or source of data used in the Index (a “**Data Provider**”), provided that the relevant data content remains equivalent. In any case where the Index Sponsor reasonably determines that the replacement of a Data Provider is necessary or desirable whilst the data content may not remain strictly equivalent, the Index Sponsor shall select such replacement Data Provider (a) in a commercially reasonable manner; (b)

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consistent with the objectives of the Index; and (c) in compliance with the Index Sponsor's internal procedures for index modification.

**1.5 Information available online**

The Index levels, further Index data and important disclaimers relating to the Index are available at the following address: <https://janussg-globaltrends.com/>

**IMPORTANT:**

**The Index seeks to track the performance of hypothetical long positions in the Underlying Basket; however, the Index does not actually invest in or hold the Underlying Basket or any other instruments or securities comprising the Basket Components in the Underlying Basket. An investor in any product linked to the performance of the Index will have no rights whatsoever to any Basket Components or any other instruments or securities underlying the Index or the Basket Components. The Index is a statistical measure of the performance of a systematic model that aims to provide an exposure to the performance of a dynamic, multi-asset basket of financial instruments with a volatility control mechanism; it is not an investment fund, pool or any other investment vehicle.**

**The strategy tracked by the Index is not guaranteed to be successful**

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**2 Index Rules:**

**2.1 Terms and definitions relating to Dates:**

<b>ACT(t-1,t)</b>	means the number of calendar days between Calculation Date (t-1) (included) and Calculation Date (t) (excluded).
<b>Business Day</b>	means any day other than a Saturday or Sunday.
<b>Calculation Date</b>	means any Scheduled Calculation Date on which no Index Disruption Event exists.
<b>N(t-1,t)</b>	means the number of Calculation Dates between Calculation Date (t-1) (included) and Calculation Date (t) (excluded).
<b>Rebalancing Date</b>	means the fifth Calculation Date immediately following a Review Date.
<b>Review Date</b>	means the last Calculation Date of any calendar month.
<b>Scheduled Calculation Date</b>	means any day on which the New York Stock Exchange is scheduled to be open.
<b>t<sub>Reb</sub>(t)</b>	means the Rebalancing Date immediately preceding, and including, Calculation Date (t): $t_{Reb}(t) \leq t$ .
<b>t<sub>Rev</sub>(t)</b>	means the Review Date immediately preceding, and including, Calculation Date (t): $t_{Rev}(t) \leq t$ .
<b>Valuation Time</b>	means 6:00 p.m. (New York time).

**2.2 Terms and definitions relating to the Index:**

<b>Aggregate Transaction Cost, “TC(t)”</b>	means, in respect of Calculation Date (t), the transaction costs as determined pursuant to Section 2.15.
<b>Index</b>	means the “Janus SG Global Trends Index (USD – Excess Return)” (Bloomberg Ticker: SGIXJSGT <Index>)
<b>Index BCL Base Date, “t<sub>BCL(i)</sub>”</b>	means the Index BCL Base date for each Basket Component.
<b>Index Base Date, “t<sub>b</sub>”</b>	January 10, 2005
<b>Index Calculation Agent</b>	S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC)
<b>Index Component</b>	means any Basket Component and/or Market Data.
<b>Index Currency</b>	USD.
<b>Index Disruption Event</b>	means the occurrence or existence of (i) an ETF Disruption Event, (ii) a Market Data Disruption Event, (iii) a USFS1010 Disruption Event, and/or (iv) an Underlying Index Disruption Event, which, in each case, the Index Calculation Agent, after instruction from the Index Sponsor, determines is material.

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<b>Index Extraordinary Event</b>	means the occurrence or existence of (i) an ETF Extraordinary Event, (ii) a Market Data Extraordinary Event, (iii) an Underlying Index Extraordinary Event, (iv) an Index Calculation Agent Extraordinary Event, (v) an Index Administrator/Benchmark Event, (vi) a Holding Limit Extraordinary Event, and/or (vii) an SG Group Policies Extraordinary Event which, in any case, the Index Calculation Agent, after instruction from the Index Sponsor, determines is material.
<b>Index Launch Date, “t<sub>L</sub>”</b>	September 27, 2019
<b>Index Level, “IL(t)”</b>	means, in respect of any Calculation Date (t), the level of the Index calculated and published by the Index Calculation Agent on such date at the Valuation Time, pursuant to Section 2.6.
<b>Index Sponsor</b>	Société Générale (“SG”).
<b>SG Group</b>	means SG and its affiliates.
<b>State, “State(t<sub>REV</sub>(t))”:</b>	means “1” or “2” as determined in Section 2.16
<b>Underlying Basket</b>	means the basket comprised of the Basket Components allocated according to the ERC Momentum Methodology.
<b>Underlying Basket Level, “UBL(t)”</b>	means, in respect of Calculation Date (t), the level of the Underlying Basket determined pursuant to Section 2.7.

**2.3 Terms and definitions relating to the Vol Target Mechanism:**

<b>Exposure, “E(t)”</b>	means, in respect of any Calculation Date (t), the deemed exposure of the Index to the Underlying Basket determined pursuant to Section 2.14.
<b>Historical Volatility, “HV(t)”</b>	means, in respect of any Calculation Date (t), the annualized historical volatility of the Notional Underlying Basket (t) over the preceding fifty (50) Calculation Dates, determined pursuant to Section 2.9.
<b>Index Historical Volatility, “IHV(t)”</b>	means, in respect of any Calculation Date (t), the annualized historical volatility of the Index determined over the preceding forty (40) Calculation Dates, determined pursuant to Section 2.12.
<b>Notional Underlying Basket (t)</b>	means, in respect of any Calculation Date (t), the daily rebalanced notional basket of Basket Components as defined using the weights determined by the Index Calculation Agent according to the ERC Momentum Methodology on the Review Date immediately preceding (and excluding) such date.
<b>Notional Underlying Basket Level, “NUBL(t<sub>ref</sub>,t)”</b>	means, in respect of Calculation Dates (t <sub>ref</sub> ) and (t), the level of the Notional Underlying Basket (t <sub>ref</sub> ) as of Calculation Date (t) determined pursuant to Section 2.10.
<b>Target Volatility, “TV”</b>	5%.

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**Volatility Adjustment Factor, “VAF(t)”** means, in respect of any Calculation Date (t), the volatility adjustment factor based on the Index Historical Volatility and determined pursuant to Section 2.13.

**2.4 Terms and definitions relating to the Basket Components:**

**Basket Component** means any ETF or Underlying Index.

**Basket Component Asset Class** means, in respect of a Basket Component, the relevant asset class as specified in Appendix 1.

**Basket Component Closing Price, “BCCPi(t)”** means, in respect of any Calculation Date (t) and (i) a Basket Component that is an ETF, the official closing price of the related ETF Share at the Scheduled Closing Time on the Exchange, and (ii) a Basket Component that is an Underlying Index, the Underlying Index Closing Level.

**Basket Component Level, “BCL”** means, in respect of a Calculation Date (t) and a Basket Component (i), the level of the Basket Component determined pursuant to Section 2.8.

**Basket Component Return Type** means, in respect of a Basket Component (i), its return type as provided in Appendix 1.

**Basket Component Type** means, in respect of a Basket Component (i), its type as provided in Appendix 1.

**Basket Component Target Weight, “TWi(tRev)”** means, in respect of a Basket Component (i) and Calculation Date (t), the target weight (expressed in percentage) of such Basket Component in the Underlying Basket as determined by the Index Calculation Agent on the Review Date immediately preceding (and including) such Calculation Date (t) pursuant to Section 3.

**Basket Component Weight, “Wi(t)”** means, in respect of a Basket Component (i) and Calculation Date (t), the effective weight (expressed in percentage) of such Basket Component in the Underlying Basket as effective on such Calculation Date (t) and determined pursuant to Section 2.11.

**ETF** means, with respect to any Basket Component with a Basket Component Type specified as “ETF” in Appendix 1, a fund that issues ETF Shares traded on an Exchange.

**ETF Share** means, in respect of an ETF, a share or unit of such ETF.

**Exchange(s)** means (i) in respect of a Basket Component that is an ETF, each exchange or quotation system (if applicable) on which such ETF trades, (ii) in respect of a Basket Component that is an Underlying Index, each exchange or quotation system (if applicable) on which the securities, indices or other instruments underlying such Underlying Index trade, and (iii) in respect of (i) or (ii), any successor exchange or quotation system or any substitute exchange or quotation system to which such trading has temporarily relocated.

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<b>Exchange Business Day</b>	means, in respect of each Basket Component observed separately, any Scheduled Trading Day on which each relevant Exchange and Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time and, with respect to the Underlying Index only, the Underlying Index Calculation Agent publishes the Underlying Index.
<b>Fixed Replication Costs, “RC”</b>	means, in respect of each Basket Component, the theoretical fixed running costs that would be incurred in connection with replicating the performance of such Basket Component. The Fixed Replication Costs are calculated daily and accrue on a daily basis on the level or price of such Basket Component. The Fixed Replication Costs are set out in Appendix 1.
<b>Fixed Transaction Costs, “Ci”</b>	means, in respect of a Calculation Date (i) and a Basket Component (i), theoretical fixed costs that would be charged in relation to the deemed purchase or liquidation of such Basket Component (i), pursuant to changes in the Exposure of the Index to Basket Component (i) and which cost shall be reflected in the Basket Level at the time of such changes. The Fixed Transaction Costs are provided in Appendix 1.
<b>Hypothetical Replicating Party</b>	means a hypothetical party taking positions in the Basket Components for the purposes of replicating the performance of the Index.
<b>Related Exchange(s)</b>	means, in respect of a Basket Component, each exchange or quotation system where trading has a material effect on the overall market for futures and options contracts relating to such instrument (or relating to the securities, indices or other instruments underlying such instrument in the case of the Underlying Index) and any successor exchange or quotation system or any substitute exchange or quotation system to which such trading has temporarily relocated.
<b>Scheduled Closing Time</b>	means, in respect of an Exchange or Related Exchange, the scheduled weekday closing time of such Exchange or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours.
<b>Scheduled Trading Day</b>	means (i) in respect of a Basket Component that is an ETF, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions and (ii) in respect of a Basket Component that is an Underlying Index, (x) any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions and (y) the Underlying Index Sponsor (or an Underlying Index Calculation Agent, acting on its behalf), is scheduled to publish the level of such Underlying Index.
<b>Underlying Index</b>	means any proprietary index sponsored by SG which has a Basket Component Type specified as “Index” on Appendix 1, the rulebook(s) of which are annexed hereto.

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<b>Underlying Index Calculation Agent</b>	means, in respect of an Underlying Index, the corporation or other entity that (i) is responsible for calculating the level of the Underlying Index pursuant to the rules, procedures and methods of calculation set forth by the Underlying Index Sponsor and for making any adjustments to the Underlying Index and (ii) publishes (directly or through an agent) the level of the Underlying Index on a regular basis in respect of each Scheduled Calculation Date (as specified in the index rules governing such Underlying Index), if these duties are not carried out by the Underlying Index Sponsor itself.
<b>Underlying Index Closing Level, “UICL(i,t)”</b>	means, in respect of an Underlying Index and a Scheduled Calculation Date, the official closing level of such Underlying Index on such Scheduled Calculation Date as calculated by the Underlying Index Calculation Agent, pursuant to the index rules of such Underlying Index.
<b>Underlying Index Sponsor</b>	means, in respect of the Underlying Index, SG.

### **2.5 Terms and definitions relating to Market Data**

<b>Libor Rate, “LR(t)”</b>	means, in respect of Calculation Date (t), the LIBOR 3-Month rate displayed on Bloomberg page US0003M <Index> dated as of such date or the latest rate available if no LIBOR 3-Month rate is dated as of such date; provided, however, that if the publisher of the 3-month LIBOR Rate announces that it will permanently cancel the 3-month LIBOR Rate, the Index Sponsor will determine in its sole discretion after consulting sources it deems to be reasonable (which may include any Federal Reserve Bank or the International Swaps and Derivatives Association) a replacement rate that is (i) the industry-accepted substitute or successor 3-month LIBOR Rate or (ii) if there is no such industry-accepted substitute or successor 3-month LIBOR Rate, a substitute or successor 3-month LIBOR Rate that is most comparable to the 3-month LIBOR Rate. Such substitute or successor rate (with any necessary adjustments as determined by the Index Sponsor in its sole discretion) shall replace the LIBOR Rate on the earlier of (x) the first Calculation Date on or following the date on which the LIBOR Rate ceases publication and (y) the first Calculation Date on which it becomes illegal for the Index Sponsor to continue using the LIBOR Rate.
<b>Market Data</b>	means a rate (including an interest rate, a foreign exchange rate or a swap rate), a spread, or any other data specified here. For the avoidance of doubt, the Libor Rate and USFS1010 are Market Data.
<b>USFS1010, “USFS1010(t)”</b>	USD forward starting interest rate swap 10 Years 10 Years on any Business Day, as published at BBG ticker: USFS1010 Curncy on such Business Day or the last available rate if not published on such Business Day unless a USFS1010 Disruption Event has occurred.

### **2.6 Determination of the Index Level:**

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The Index Level is in respect of Calculation Date (t), calculated by the Index Calculation Agent at the Valuation Time, subject to the occurrence or existence of an Index Disruption Event or an Index Extraordinary Event, as follows:

$$IL(t) = IL(t - 1) \times [1 + E(t - 1) \times (UBL(t)/UBL(t - 1) - 1 - MF \times (ACT(t - 1, t))/360)] - TC(t - 1)$$

The published levels are rebased at 1000 as of the Index Base Date:

$$IL(\mathbf{tb}) = 1000$$

**2.7 Determination of the Underlying Basket Level “UBL(t)”:**

The Underlying Basket Level is, in respect of Calculation Date (t), determined by the Index Calculation Agent as follows:

$$UBL(t) = UBL(t - 1) \times \left[ 1 + \sum_{i=1}^{12} W_i(t - 1) \times \left( \frac{BCL_i(t)}{BCL_i(t - 1)} - 1 \right) \right]$$

Where,

$$UBL(\mathbf{tb}) = 1000$$

**2.8 Determination of the Basket Component Level, “BCL<sub>i</sub>(t)”:**

For any Calculation Date (t) and any Basket Component (i), the Basket Component Level is determined as follows:

$$BCL_i(t) = BCL_i(t - 1) \times \left( \frac{BCCP_i(t) + I_{PR}(i) \times Div_i(t)}{BCCP_i(t - 1)} - (LR(t - 1) \times I_{PR}(i) + RC_i) \times \frac{ACT(t - 1, t)}{360} \right)$$

With,

$$BCL_i(\mathbf{tb\_BCL(i)}) = 1000,$$

$$I_{PR}(i) = \begin{cases} 1, & \text{if Basket Component Return Type (i) is PR} \\ 0, & \text{otherwise} \end{cases}$$

And,

“Div<sub>i</sub>(t)” means the aggregate net cash dividend (including special cash dividend or any other cash distribution) attached to the Basket Component (i) or its components and for which Calculation Date (t) is the ex-dividend date. Such dividend is reinvested on the basis of the Basket Component Level on Calculation Date (t-1).

For the avoidance of doubt, no withholding tax has been applied.

If an ex-dividend date occurs on a date that is not a Calculation Date, such ex-dividend date is deemed to occur on the first Calculation Date immediately following such date.

**2.9 Determination of the Historical Volatility “HV(t)”:**

The Historical Volatility of the Notional Underlying Basket is, in respect of Calculation Date (t), determined by the Index Calculation Agent as follows:

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$$HV(t) = \sqrt{\frac{1}{49} \times \sum_{k=0}^{49} \left( \frac{365}{ACT(t-k-3, t-k)} \times \ln \left( \frac{NUBL(t, t-k)}{NUBL(t, t-k-3)} \right)^2 \right)}$$

Where,

“ln” means the logarithm to the base e.

**2.10 Determination of the Notional Underlying Basket Level “NUBL(t,t-k)”:**

The Notional Underlying Basket Level NUBL(t,t-k) is recomputed backwards by the Index Calculation Agent on each Calculation Date as follows:

For any k>0:

$$NUBL(t, t-k) = NUBL(t, t-k-1) \times \left[ 1 + \sum_{i=1}^{12} W_i(t+2) \times \left( \frac{BCL_i(t-k)}{BCL_i(t-k-1)} - 1 \right) \right]$$

With,

$$NUBL(t, t) = 1000$$

**2.11 Determination of the Basket Component Weight “W<sub>i</sub>(t)”:**

For any Calculation Date (t) and any Basket Component (i), the Basket Component Weight is determined as follows:

If  $t_{Reb}(t) \leq t \leq t_{Reb}(t)+4$

$$W_i(t) = W_i(t-1) + \frac{TW_i(t_{Rev}(t)) - W_i(t_{Rev}(t)-1)}{5}$$

Otherwise

$$W_i(t) = W_i(t-1)$$

**2.12 Determination of the Index Historical Volatility “IHV(t)”:**

The Index Historical Volatility is, in respect of Calculation Date (t), determined by the Index Calculation Agent as follows:

For any Calculation Date  $t > t_b+42$ :

$$IHV(t) = \sqrt{\frac{1}{\alpha(t)-3} \times \sum_{k=0}^{\alpha(t)-3} \left( \frac{365}{ACT(t-k-3, t-k)} \times \ln \left( \frac{IL(t-k)}{IL(t-k-3)} \right)^2 \right)}$$

Where,

$\alpha(t) = 40$ ; and

“ln” means the logarithm to the base e.

**2.13 Determination of the Volatility Adjustment Factor “VAF(t)”:**

The Volatility Adjustment Factor is, in respect of Calculation Date (t), determined by the Index Calculation Agent as follows:

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a) For any Calculation Date  $t > t_b + 42$ :

$$VAF(t) = MIN \left[ 150\%; MAX \left[ 50\%; \sqrt{MAX \left[ 0; \frac{1}{40} \times \left( 80 - 40 * \left( \frac{IHV(t)}{TV} \right)^2 \right) \right]} \right] \right]$$

b) For any Calculation Date on or before the Index Date ( $t \leq t_b + 42$ ):

$$VAF(t) = 1$$

**2.14 Determination of the Exposure “E(t)”:**

The Exposure is, in respect of Calculation Date (t), determined as follows:

$$E(t) = E(t - 1) + MIN[10\%; MAX[-10\%; TE(t) - E(t - 1)]]$$

$$\text{With } E(t_b) = 100\%$$

Where,

$$TE(t) = MIN \left[ \frac{TV}{HV(t - 2)} \times VAF(t - 2); 175\% \right]$$

**2.15 Determination of the Aggregate Transaction Cost, “TC(t)”:**

The Aggregate Transaction Cost in respect of a Calculation Date (t) is determined as follows:

$$TC(t) = \sum_{i=1}^{12} C_i \times ABS \left( IL(t) \times E(t) \times Wi(t) - IL(t - 1) \times E(t - 1) \times Wi(t - 1) \times \frac{BCL_i(t)}{BCL_i(t - 1)} \right)$$

Where

$$TC(t_b) = 0 .$$

**2.16 Determination of the State, “State(tRev(t))”:**

$$\text{State}(tRev(t)) = \begin{cases} 1 & \text{if } (USFS1010(tRev(t)) - USFS1010(tRev(t) - 60)) > 0 \\ 2, & \text{otherwise} \end{cases}$$

**3 Determination of the Basket Components Target Weights**

**3.1 Weights Optimization**

**3.1.1. General Principle**

The optimization process (ERC approach) employed draws on the principles of the Modern Portfolio Theory set out by Markowitz, Lintner and Sharpe in 1950s and 1960s. The objective the ERC portfolio (“**ERC Portfolio**”) is to search for a risk-balanced allocation such that the risk contribution of each asset in the portfolio is equal.

**3.1.2. Determination of the Marginal Risk Contributions and Risk Contribution**

The Marginal Risk Contribution (“**MRC**”) corresponds to the change in the volatility of the Underlying Basket induced by a small increase in the weight of each Basket Component. It is calculated as follows:

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$$\partial_i \sigma_B = \frac{\partial \sigma_B}{\partial x_i}$$

Where,

$\sigma_B$  means the volatility of the Underlying Basket, and  
 $x_i$  means the weight considered for Basket Component (i)

The Risk Contribution (“**RContribution**”) of each Basket Component (i) is defined as:

$$RContribution_i = x_i \frac{\partial \sigma_B}{\partial x_i}$$

**3.1.3. Determination of the Covariance Matrix**

The Covariance Matrix is computed on the Review Date ( $t_{Rev}$ ) using the last 251 3-day returns for each Basket Component according to the following formula:

$$\Sigma(i, j, t_{Rev}) = \frac{1}{251} \sum_{k=1}^{251} (r_{i,k}(t_{Rev}) - \overline{r_{i,k}(t_{Rev})}) (r_{j,k}(t_{Rev}) - \overline{r_{j,k}(t_{Rev})})$$

Where,

$$r_{i,k}(t) = \ln \left( \frac{BCL_i(t-k)}{BCL_i(t-k-3)} \right) \sqrt{\frac{365}{Act(t-k-3, t-k)}}$$

And,

$$\overline{r_{i,k}(t)} = \frac{1}{251} \sum_{k=1}^{251} r_{i,k}(t)$$

**3.2.4. Determination of the ERC Portfolio weights**

The ERC Portfolio weights are determined on the Review Date ( $t_{Rev}$ ) under the following constraints:

- the RC of each Basket Component must be equal
- the weighting of each Basket Component shall be strictly positive
- the sum of the weightings of the portfolio constituents must be equal to 1

The ERC Portfolio weights are determined:

$$x^{ERC} = \underset{x}{\operatorname{argmin}} \sum_{i=1}^{12} \sum_{j=1}^{12} (x_i (\Sigma x)_i - x_j (\Sigma x)_j)^2$$

Under the constraints:

$$\left\{ \begin{array}{l} \sum_{i=1}^{12} x_i^{ERC} = 1 \\ x_i^{ERC} \geq 0 \quad \text{for } i = 1, 2, \dots, 12 \\ \text{and } x_i^{ERC} \leq \text{MaxWeight}_i(\text{State}(t_{Rev}(t))) \end{array} \right.$$

With,

$\Sigma$  means the Covariance Matrix on the Review Date ( $t_{Rev}$ ).

**3.2 Determination of the Basket Components Target Weights**

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The Basket Component Target Weights on the Review Date ( $t_{Rev}$ ) are determined according to a further optimization based on a trend-following analysis, whereby the past best (worst) performing constituents tend to be overweighted (underweighted) under the following constraints:

- the weighting of each Basket Component must be positive;
- the sum of the weightings of the Basket Components must be equal to 1;
- the weighting of each Basket Component must not exceed the Maximum Weight (as defined in Appendix 1) applicable to it; and
- the tracking error of the resulting allocation vs the ERC Portfolio shall remain below 50% of the volatility of the ERC portfolio (sigma).

The Basket Component Target Weights are obtained pursuant to the following formula:

$$TW = \underset{x}{\operatorname{argmax}} \sum_{i=1}^{12} TW_i \mu_i(t_{Rev})$$

Under the constraints:

$$\left\{ \begin{array}{ll} TW_i \geq 0 & \text{for } i = 1, 2, \dots, 12 \\ TW_i \leq \text{MaxWeight}_i(\text{State}(t_{Rev}(t))) & \text{for } i = 1, 2, \dots, 12 \\ \sum_{i=1}^{12} TW_i = 1 \\ \sqrt{(TW - x^{ERC})^T \Sigma (TW - x^{ERC})} \leq 0.5 * \text{Sigma} \end{array} \right.$$

With,

$$\mu_i(t_{Rev}) = \frac{1}{59} * \sum_{k=1}^{59} r_{i,k}(t_{Rev}) + \frac{1}{251} * \sum_{k=1}^{251} r_{i,k}(t_{Rev})$$

Where,

$$r_{i,k}(t) = \ln \left( \frac{BCL_i(t-k)}{BCL_i(t-k-3)} \right) \sqrt{\frac{365}{Act(t-k-3, t-k)}}$$

$\Sigma$  means the Covariance Matrix on the Review Date ( $t_{Rev}$ ).

Sigma means the Volatility of the ERC portfolio

### 3.3 Rounding Rules:

The rounding policy is defined as follows:

- Exposure: 2 decimal places in percentage terms;
- Historical Volatility, Index Historical Volatility: 2 decimal places in percentage terms;
- Index Level: 2 decimal places.

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**4 Index Disruption Events:**

**4.1 Index Disruption Remedies**

(A) If an Index Disruption Event (other than a USFS1010 Disruption Event) occurs on a Scheduled Calculation Date (a “**Disrupted Day**”), the Index Calculation Agent, after instruction from the Index Sponsor, shall not calculate the Index Level on such Disrupted Day, in which case the next Calculation Date shall be the first succeeding Scheduled Calculation Date that is not a Disrupted Day for any Index Component as determined by the Index Calculation Agent, after instruction from the Index Sponsor, unless each of the five Scheduled Calculation Dates immediately following the initial Disrupted Day is also a Disrupted Day for any Index Component, in which case:

(1) the fifth Scheduled Calculation Date following the initial Disrupted Day, and each Scheduled Calculation Date that is a Disrupted Day thereafter, shall be deemed to be a Calculation Date (each, a “**Disrupted Calculation Date**”), notwithstanding the existence of an Index Disruption Event on such date and only for the purpose of determining the Index Level; and

(2) on that fifth Scheduled Calculation Date and on each Disrupted Calculation Date thereafter, the Index Calculation Agent shall calculate the Index Level based on the following levels and prices:

(a) in respect of each Index Component affected by the Index Disruption Event (an “**Affected Index Component**”):

(i) where the Affected Index Component(s) comprise one or more Basket Components that are ETFs, the level or price of such affected ETF(s) shall be the level or price of such affected ETF(s) last in effect prior to the occurrence of the relevant Index Disruption Event;

(ii) where the Affected Index Component(s) include a Basket Component that is the Underlying Index, upon the instruction of the Index Sponsor:

(AA) if available, the level of such Underlying Index determined by the Underlying Index Calculation Agent, with reference to the index rules governing the Underlying Index for determination of the level of such index in the circumstance of a “disruption event” howsoever described in such rules; or

(BB) the level of such Underlying Index last in effect prior to the occurrence of the relevant Underlying Index Disruption Event; and

(iii) where the Affected Index Component is Market Data that is the Libor Rate, the latest rate available.

(b) in respect of each Index Component that is unaffected by the Index Disruption Event (an “**Unaffected Index Component**”):

(i) where the Unaffected Index Component(s) include one or more Basket Components that are ETF(s), the price of each unaffected ETF(s) shall be determined on the relevant date(s) of determination as if no Index Disruption Event existed;

(ii) where the Unaffected Index Component(s) include a Basket Component that is the Underlying Index, the Underlying Index Level on the relevant date(s) of determination as if no Index Disruption Event existed; and

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(iii) where the Unaffected Index Component is Market Data, the Market Data on the relevant date(s) of determination as if no Index Disruption Event existed.

(B) Notwithstanding the foregoing, if an Index Disruption Event has been continuing on each Scheduled Calculation Date from the first Disrupted Calculation Date to but no later than the twentieth Scheduled Calculation Date following the initial Disrupted Day, the Index Sponsor shall permanently cancel the Index on such twentieth Scheduled Calculation Date, provided, however, that the Index Sponsor may decide at any time during such period that one of the following Index Disruption Remedies constitutes a suitable remedy for such Index Disruption Event:

(1) adjust any relevant terms of the Index Rules in a manner that preserves the economic characteristics of the Index; or

(2) continue the determination of the Index Level pursuant to section 4.1(A)(2) for another maximum period of twenty Scheduled Calculation Dates (a “**Disruption Period Extension**”), provided that after such period (rather than permanently cancelling the Index at such time) the Index Sponsor may decide again between the Index Disruption Remedies set out in (1) above and a renewal of the Disruption Period Extension, subject to a maximum of three such extensions, including the first one;

provided that the Index Sponsor will use good faith and commercially reasonable efforts to remedy an Index Disruption Event in a manner that does not result in cancellation of the Index.

(C) If a USFS1010 Disruption Event occurs, on the first Calculation Date following such event, the Index Sponsor shall apply the remedies (including the permanent cancellation of the Index) set forth in Section 4.1(B) above.

### 4.2 ETF Disruption Event

“**ETF Disruption Event**” means, in respect of a Basket Component that is an ETF, (i) a Trading Disruption, (ii) an Exchange Disruption which, in either case, the Index Calculation Agent, after instruction from the Index Sponsor, determines is material or (iii) an Early Closure.

“**Trading Disruption**” means, in respect of an ETF Share, any suspension of or limitation on trading imposed by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise relating to (i) such ETF Shares or (ii) futures or options contracts on any relevant Related Exchange in respect of such ETF Shares.

“**Exchange Disruption**” means, in respect of an ETF Share, any event (other than an Early Closure) that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for (i) such ETF Shares or (ii) futures or options contracts on any relevant Related Exchange in respect of such ETF Shares.

“**Early Closure**” means, in respect of an ETF Share, the closure on any Exchange Business Day of (i) any relevant Exchange(s) relating to such ETF Share or (ii) any Related Exchange for futures or options contracts relating to such ETF Shares prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of (I) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day and (II) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Scheduled Closing Time on such Exchange Business Day.

### 4.3 Market Data Disruption Event

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**“Market Data Disruption Event”** means, with respect to an Index Component that is Market Data other than USFS1010, the non-publication of such Market Data used by the Index Calculation Agent for the purposes of calculating the Index.

**4.4 USFS1010 Disruption Event**

**“USFS1010 Disruption Event”** means, with respect to USFS1010, the non-publication of USFS1010 during the period between (and including) two consecutive Review Dates.

**4.5 Underlying Index Disruption Event**

**“Underlying Index Disruption Event”** means, in respect of a Basket Component that is an Underlying Index, the non-publication of the level of such Underlying Index, or the occurrence of a “disruption event” (howsoever defined in the index rules applicable to such Underlying Index) as determined by Société Générale in its capacity as sponsor of such Underlying Index or by the Underlying Index Calculation Agent.

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### 5 Index Extraordinary Event:

#### 5.1 Extraordinary Event Remedies

If an Index Extraordinary Event occurs in respect of one or more Index Component(s) on a Scheduled Calculation Date (an “**Extraordinary Event Day**”), then the Index Calculation Agent, after instruction from the Index Sponsor, may suspend the calculation of the Index Level on such Extraordinary Event Day, in which case the next Calculation Date (if any) shall be the first succeeding Scheduled Calculation Date on which the Index Extraordinary Event has been remedied in accordance with the following sentence. As soon as possible but no later than the twentieth Scheduled Calculation Date following the initial Extraordinary Event Day, the Index Sponsor shall decide to: (i) permanently cancel the Index as of a date no later than such twentieth Scheduled Calculation Date or (ii) provided the Index Sponsor determines that a remedy described under items (i) or (ii) below (an “**Extraordinary Event Remedy**”) constitutes a suitable remedy for such Index Extraordinary Event, apply such remedy:

- (i) adjust any relevant terms of the Index Rules, or the determinations or calculations thereunder (including, without limitation, a reduction of the weight of or a full removal of the relevant Index Component(s)) in a manner that preserves the economic characteristics of the Index; or
- (ii) replace the relevant Index Component with a new component with similar characteristics.

#### 5.2 ETF Extraordinary Event

“**ETF Extraordinary Event**” means, with respect to a Basket Component that is an ETF, the occurrence of any of the following events:

- A. “**ETF Currency Change**” means that the net asset value of the ETF is quoted in a different currency to that quoted as of the Index Launch Date.
- B. “**ETF Methodology Breach**” means any change to, breach or violation, intentional or otherwise, of the ETF Methodology that is reasonably likely to affect the value of the ETF Shares or the rights or remedies of any holders thereof.
- C. “**ETF Modification**” means any change or modification of the ETF Documents that could reasonably be expected to affect the value of the ETF Shares or the rights or remedies of any holders thereof from those prevailing on the Index Launch Date.
- D. “**ETF Reclassification**” means (i) the reclassification of the ETF Shares or (ii) the acquisition of the ETF by, or the aggregation of ETF into, another fund whose mandate, risk-profile and/or benchmarks the Index Calculation Agent, after instruction from the Index Sponsor, determines to be different from the mandate, risk-profile and/or benchmark as of the Index Launch Date (or any proposal for the foregoing occurs).
- E. “**ETF Redemption or Subscription Event**” means (i) the suspension of transfers of any ETF Shares, (ii) the introduction of a mandatory redemption or partial redemption of the ETF Shares, (iii) the non-execution of any creation, subscription or redemption order in respect of the ETF Shares or (iv) the introduction or proposed introduction of subscription or redemption fees with respect to the ETF Shares in excess of those in effect as of the Index Launch Date.
- F. “**ETF Regulatory Action**” means (i) any cancellation, suspension or revocation of the registration or approval of the ETF or the ETF Shares by any governmental, legal or regulatory entity with authority over the ETF or the ETF Shares, (ii) any change in the legal, tax, accounting, or regulatory treatments of the ETF, any ETF Manager or the ETF Shares that the Index Calculation Agent, after instruction from the Index Sponsor, determines has or is reasonably likely to have an adverse impact on the investors in the ETF or the holders of the ETF Shares or

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on the value of the ETF Shares, (iii) the ETF, or its ETF Manager becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving any activities relating to or resulting from the operation of the ETF, (including, without limitation, any future, announced or implemented material change to any one or more exemptive orders, no action letters or interpretative guidance of the U.S. Securities and Exchange Commission (the “SEC”), including guidance issued by the SEC’s staff, relating to the ETF or to exchange traded funds generally that affects holders of the ETF Shares, whether occurring through action of the SEC or otherwise, including as a result of a court order or executive order) that the Index Calculation Agent, after instruction from the Index Sponsor, determines has or is reasonably likely to have a material adverse effect on the value, redeemability or liquidity of the ETF Shares, or the operation of the ETF in accordance with the terms of the ETF Documents or (iv) the issuance by any governmental, legal or regulatory entity with authority over the ETF of an order to suspend redemption obligations of the ETF, to freeze assets of the ETF or to take any other action that the Index Calculation Agent, after instruction from the Index Sponsor, determines is reasonably likely to have a material effect on the value, redeemability or liquidity of the ETF Shares.

- G. “**ETF Reporting Event**” means the occurrence of any event affecting the ETF that, in the determination of the Index Calculation Agent, after instruction from the Index Sponsor, would make it impossible or impracticable for the Index Calculation Agent to determine the net asset value of the ETF, and such event continues for at least five consecutive Exchange Business Days.
- H. “**ETF Termination**” means the cessation or unwinding by the ETF Manager of the legal arrangements which gave rise to the ETF.

For the purposes of this section:

“**ETF Documents**” means, in respect of an ETF, the constitutive and governing documents, subscription agreements and other agreements of the ETF specifying the terms and conditions relating to such ETF.

“**ETF Manager**” means, in respect of an ETF, each of the investment advisor, investment manager and sub-manager of such ETF, and any other key individual or entity involved with or having supervisory or management powers over such ETF.

“**ETF Methodology**” means, in relation to an ETF, the strategies and/or investment guidelines described in the ETF Documents which relate to, among other things, the net asset value of the ETF.

### 5.3 Market Data Extraordinary Event

“**Market Data Extraordinary Event**” means, in respect of Market Data, the occurrence of any of the following events:

- A. a “**Change of Market Data Publisher**” means that the Market Data is not calculated and/or announced by the publisher of the Market Data under the same conditions as those prevailing as of the Index Launch Date (such changed conditions including, without limitation, any material increase in fees and costs for access and use of the Market Data).
- B. a “**Change of Market Data**” means that the Market Data is replaced by a successor rate that is not acceptable to the Index Calculation Agent, after instruction from the Index Sponsor.
- C. a “**Modification to Market Data**” means that the publisher of the Market Data announces that it will make a material change in the formula for or the method of calculating the Market Data or in any other way materially modifies the Market Data. A Modification to Market Data shall not include a modification prescribed in that formula or method to maintain the Market Data or a

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modification following which the Market Data remains, in the Index Sponsor's sole discretion after consulting sources it deems to be reasonable (which may include any Federal Reserve Bank or the International Swaps and Derivatives Association), the industry-standard rate.

- D. a “**Cancellation of Market Data**” means that the publisher of any Market Data other than the Libor Rate announces it will permanently cancel such Market Data.
- E. a “**Market Data Access Failure**” means that (i) access by the Index Calculation Agent and/or the Index Sponsor to the Market Data has become impracticable or impossible due to, among other things, technical incompatibilities or the cancellation of the relevant feed by the data provider and (ii) such access cannot be restored or replaced without significant cost or delay, as determined by the Index Calculation Agent after instruction from the Index Sponsor.

### 5.4 Underlying Index Extraordinary Event

“**Underlying Index Extraordinary Event**” means any suspension of the calculation of the Underlying Index Closing Level of an Underlying Index, following the occurrence of an “extraordinary event” (howsoever such term is defined in the index rules governing such Underlying Index), or an “extraordinary event” is otherwise determined to be existing by the Underlying Index Calculation Agent or the Underlying Index Sponsor.

### 5.5 Index Calculation Agent Extraordinary Event

“**Index Calculation Agent Extraordinary Event**” means, in respect of the Index, that (i) the Index Calculation Agent, in the commercially reasonable discretion of the Index Sponsor exercised in good faith, can no longer perform its functions with respect to the Index and/or (ii) the agreement between the Index Sponsor and the Index Calculation Agent governing the Index Calculation Agent's obligations and duties in relation to the Index is terminated (or any license or other provision thereunder material to the maintenance of the Index is terminated) for any reason whatsoever, and, in each case in the reasonable discretion of the Index Sponsor, an adequate replacement of such Index Calculation Agent for purposes of the Index is not legally or commercially practicable.

### 5.6 Index Administrator/Benchmark Extraordinary Event

“**Index Administrator/Benchmark Event**” means, in respect of the Index, that an Administrator/Benchmark Event has occurred where the Benchmark affected by such event is (i) the Index or a component of the Index; or (ii) a figure in respect of which a price, level or value is determined and relied upon in the calculation and/or maintenance of the Index.

“**Administrator/Benchmark Event**” means, in relation to any Benchmark, the occurrence of any of the following events determined by the Index Calculation Agent, with instruction from the Index Sponsor, to be relevant and material to the Index:

- (A) “**Benchmark Modification or Cessation Event**” means, in respect of the Benchmark, any of the following has occurred or is reasonably likely to occur:
- (i) any material changes in such Benchmark;
  - (ii) the permanent or indefinite cancellation or cessation in the provision of such Benchmark;
  - (iii) a regulator or other official sector entity prohibits the use of such Benchmark.
- (B) “**Non-Approval Event**” means, in respect of any Benchmark:

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- (i) any authorisation, registration, recognition, endorsement, equivalence or approval in respect of the Benchmark or the administrator or sponsor of the Benchmark has not been or is not reasonably likely to be obtained;
- (ii) such Benchmark or the administrator or sponsor of such Benchmark has not been included or is not reasonably likely to be included in an official register; or
- (iii) such Benchmark or the administrator or sponsor of such Benchmark does not fulfil or is not reasonably likely to fulfil any legal or regulatory requirement applicable to (1) the Index Sponsor or the Index Calculation Agent; (2) any Index Component constituting such Benchmark or linked to such Benchmark; or (3) the Benchmark,

in each case, as required under applicable law or regulation (1) for the maintenance of the Index or (2) for any of the Index Sponsor or the Index Calculation Agent or any other relevant entity to perform its obligations in respect of the Index. For the avoidance of doubt, a Non-Approval Event shall not occur if the Benchmark or the administrator or sponsor of the Benchmark is not included in an official register because its authorisation, registration, recognition, endorsement, equivalence or approval is suspended, in circumstances where the continued provision and relevant use of the Benchmark is permitted under the applicable law or regulation during the period of such suspension.

(C) **“Rejection Event”** means, in respect of the Benchmark, the relevant competent authority or other relevant official body rejects or refuses or is reasonably likely to reject or refuse any application for authorization, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register which, in each case, is required in relation to the Benchmark, the Index, or the administrator or sponsor of the Benchmark.

(D) **“Suspension/Withdrawal Event”** means, in respect of the Benchmark:

- (i) the relevant competent authority or other relevant official body suspends or withdraws or is reasonably likely to suspend or withdraw any authorisation, registration, recognition, endorsement, equivalence decision or approval in relation to the Benchmark or the administrator or sponsor of the Benchmark which is required under any applicable law or regulation; or
- (ii) the Benchmark or the administrator or sponsor of the Benchmark is removed or is reasonably likely to be removed from any official register where inclusion in such register is or will be required under any applicable law.

For the avoidance of doubt, a Suspension/Withdrawal Event shall not occur if such authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or where inclusion in any official register is withdrawn if, at the time of such suspension or withdrawal, the continued provision and relevant use of the Benchmark is permitted under applicable law or regulation during the period of such suspension or withdrawal.

**“Benchmark”** means (a) the Index or any Index Component which is a benchmark as defined in the Benchmark Regulation; and/or (b) any figure which is a benchmark as defined in the Benchmark Regulation in respect of which a price, level or value of the Index or any component thereof is determined by reference in whole or in part to such figure, all as determined by the Index Calculation Agent with instruction from the Index Sponsor.

**“Benchmark Regulation”** means the EU Benchmark Regulation (Regulation (EU) 2016/1011), as supplemented and amended and in effect from time to time.

### **5.7 Holding Limit Extraordinary Event**

**“Holding Limit”** means, assuming the Hypothetical Replicating Party is a member of the SG Group, that such member holds and/or any members of the SG Group in aggregate hold, an interest in any one

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restricted Index Component constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of such Index Component (or an underlying of such Index Component) or of the issuer of such Index Component (or of an underlying of such Index Component) in excess of the percentage permitted under SG Group Policies (as defined below) applicable to such restricted Index Component as determined by Société Générale. A “**restricted Index Component**” for the purpose of this definition, means those assets subject to internal monitoring by Société Générale for purposes of its compliance with restrictions imposed by the Volcker Rule. As used herein, the “**Volcker Rule**” means the amendments to the Bank Holding Company Act of 1956 made by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such Act.

### 5.8 SG Group Policies Extraordinary Event

“**SG Group Policy Extraordinary Event**” means that on or after the Index Launch Date, an Index Component appears on an SG Group Restricted List or a change in any SG Group Policies materially impairs the ability of any of SG’s index replication teams to (1) acquire, maintain, hold, unwind or dispose of an interest or synthetic interest in any Index Component (or the securities, indices or other instruments underlying such Index Component) or (2) otherwise replicate the Index, where, for purposes of the definition of this event:

“**SG Group Policies**” means the internal, formal and documented policies, procedures, standards and guidelines (as revised from time to time) which have been established at SG by persons acting independently of the trading or front office function and which ensure compliance with applicable laws, rules, regulations and regulatory standards by each member of the SG Group subject thereto. As used herein, the term “**regulatory standards**” includes codes of conduct, banking standards, frameworks and guidance (such as capital and liquidity standards, frameworks or guidance, among other things) issued by any competent authority (including, but not limited to, relevant supranational bodies, treaty organisations, supervisory committees or governmental, judicial, tax, banking or regulatory authorities, or self-regulatory organizations) with a view to setting standards for the business conduct, organisation and prudential supervision of banks and financial services firms.

“**SG Group Restricted List**” means any internal policies, internal compliance restricted list and/or sanctions policies not otherwise included as an SG Group Policy.

## 6 Adjustments relating to ETFs

In respect of a Basket Component that is an ETF, upon the occurrence on a Scheduled Calculation Date of any corporate event materially affecting such ETF, including among other things, any of the following (a “**Corporate Event**”):

- (A) a subdivision, consolidation or reclassification of the relevant number of ETF Shares, or a free distribution or dividend of any such ETF Shares to existing holders by way of bonus, capitalization or similar issue;
- (B) a distribution, issue or dividend to existing holders of the ETF Shares of (i) an additional quantity of such ETF Shares, (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the ETF, equally or proportionately with such payments to holders of such ETF Shares, (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the ETF as a result of a spin-off or other similar transaction or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Index Calculation Agent, with instruction from the Index Sponsor;
- (C) an extraordinary dividend;

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- (D) a repurchase by the ETF of ETF Shares, whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of ETF Shares initiated by an investor in such ETF that is consistent with the ETF Documents; or
- (E) any other event that, in the opinion of the Index Calculation Agent, after instruction from the Index Sponsor, may have a dilutive or concentrative effect on the theoretical value of the ETF or quantity of ETF Shares,

the Index Sponsor may adjust any relevant terms of the Index Rules (including, without limitation, the weight of the ETF in the Index) in a manner that preserves the economic characteristics of the Index.

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**Société Générale**

The **Janus SG Global Trends Index** (the “**Index**”) has been developed by, and is proprietary to, Société Générale (“**SG**”) and no third party shall have any proprietary interest therein except as may be expressly granted by SG. S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) acknowledges that the ownership and all intellectual property rights in respect of the name of the Index (and index rules such as, but not limited to, calculation methods) are and shall remain the exclusive property of SG.

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**Appendix 1**

Basket Component Tickers	Basket Component Type	Basket Component Currency	Basket Component Asset Class	maxW1	maxW2	Fixed Replication Cost	Fixed_Transaction Cost	Return Type	Index BCL Base Date
IND1CARC Index	Index	USD	Commodities	20.0000%	20.0000%	0.3500%	0.0300%	ER	12/5/2003
EFA US Equity	ETF	USD	Equity	100.0000%	100.0000%	0.2500%	0.0250%	PR	12/5/2003
HYG US Equity	ETF	USD	Fixed Income	15.0000%	88.4000%	0.2500%	0.0300%	PR	4/11/2007
LQD US Equity	ETF	USD	Fixed Income	15.0000%	38.8000%	0.2500%	0.0300%	PR	12/5/2003
QQQ US Equity	ETF	USD	Equity	100.0000%	100.0000%	0.2500%	0.0200%	PR	12/5/2003
SPY US Equity	ETF	USD	Equity	100.0000%	100.0000%	0.2500%	0.0200%	PR	12/5/2003
SHV US Equity	ETF	USD	Fixed Income	15.0000%	0.0000%	0.2500%	0.0300%	PR	1/11/2007
SHY US Equity	ETF	USD	Fixed Income	15.0000%	0.0000%	0.2500%	0.0300%	PR	12/5/2003
TIP US Equity	ETF	USD	Fixed Income	7.5000%	5.0000%	0.2500%	0.0300%	PR	12/5/2003
AGG US Equity	ETF	USD	Fixed Income	15.0000%	35.0000%	0.2500%	0.0300%	PR	12/5/2003
IEF US Equity	ETF	USD	Fixed Income	15.0000%	25.0000%	0.2500%	0.0300%	PR	12/5/2003
TLT US Equity	ETF	USD	Fixed Income	0.0000%	40.0000%	0.2500%	0.0300%	PR	12/5/2003

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Annex A  
INDICARC Index