NOMURA

Nomura EM FX Market Neutral Factors

23 September 2025

Overview

Index Summary

The Nomura EM FX Market Neutral Index Family consists of three synthetic rules-based proprietary indices (each an "Index" and together the "Indices") created by Nomura International plc (the "Index Sponsor" and "Index Calculation Agent") that implement different market-neutral strategies across emerging market currencies:

- Nomura EM FX Market Neutral Carry Index (the "Carry Index") - Exploits interest rate differentials between currencies
- Nomura EM FX Market Neutral Velocity Index (the "Velocity Index") - Exploits carry opportunities by going long currencies with unusually high carry and shorting those with unusually low carry
- Nomura EM FX Market Neutral Carry & Velocity Index (the "Carry & Velocity Index") - Combines both the strategies of the Carry Index and the Velocity Index

The Indices are calculated on an excess return basis and denominated in USD.

Index Composition

Each Index is composed of a dynamically weighted portfolio of 15 Nomura indices, being the Nomura FX 3M to 1M Return Indices, (each a rules-based proprietary index created and administered by Nomura International plc, a "**Sub-Index**", and together the "**Sub-Indices**") and each Sub-Index in turn is composed of hypothetical forward contracts on an emerging market currency relative to the U.S. Dollar ("USD") .

The Sub-Indices maintain currency exchange rate exposure through the hypothetical forward contracts that start with 3-month maturity and are systematically rolled when they reach 1-month maturity. They represent a long position in each specific emerging market currency versus a short position in USD while taking into account the costs of financing such positions, thus capturing both fx spot rate movements and interest rate differentials between each such currency and USD.

The 15 emerging market currencies (the "Eligible Currencies") underlying the Sub-Indices have been selected for their liquidity, tradability, and free-floating characteristics across multiple regions and are:

- Asian Currencies: Indonesian Rupiah ("IDR"), Korean Won ("KRW"), Singapore Dollar ("SGD"), Taiwan Dollar ("TWD"), Indian Rupee ("INR"), Philippines Peso ("PHP"), Israeli Shekel ("ILS"), Thai Baht ("THB")
- Latin American Currencies: Mexican Peso ("MXN"), Brazilian Real ("BRL"), Chilean Peso ("CLP")
- European Currencies: Polish Zloty ("PLN"), Hungarian Forint ("HUF"), Czech Koruna ("CZK")
- African Currencies: South African Rand ("ZAR")

The price data for the Index components are not always publicly available. The Index Sponsor determines the price of each Index component through a linear interpolation based on publicly available data relating to forward contracts on the applicable emerging-market currency.

Allocation Mechanisms

Each Index attempts to capture returns arising from exposure to their respective investment factor. For each Eligible Currency, a factor score is measured.

- Carry Factor: [redacted]
- Velocity Factor: [redacted]
- Carry & Velocity Factor: [redacted]

The Indices rebalance daily, with positions in the Sub-Indices updated based on the following steps.

Step 1: Score Calculation

Each day, an Index calculates for the respective Eligible Currency its factor score as described above.

Step 2: Position Construction

Each day, each Index compares the respective Eligible Currency's score to the average score across all 15 Eligible Currencies and each Eligible Currency that has an above-average score receives a long position in the respective Index, while each Eligible Currency with a below-average score receives a short position. The position size in an Eligible Currency is determined based on the strength of the absolute score; the stronger the absolute score the larger the position size.

Step 3: Carry Dispersion Scaling

The position size of an Eligible Currency is further scaled by the carry dispersion across all 15 Eligible Currencies. The carry dispersion is a measure of the variation in carry opportunities at any given time - when carry dispersion is high, indicating significant differences in interest rate opportunities across all 15 Eligible Currencies, the Index increases its leverage to capitalise on these opportunities. Conversely, when carry dispersion is low, indicating limited differentiation between all 15 Eligible Currencies, the strategy reduces its leverage accordingly.

Step 4: Market Neutral Implementation through beta neutralisation

The Index's positions are then further adjusted in order to target a net beta exposure of [redacted], seeking to ensure that the Index remains market neutral, i.e. avoiding unintended directional bias to emerging market currencies generally as an asset class. The beta exposure is measured versus a GDP-weighted portfolio of the Sub-Indices. As a result of this beta neutralisation process, the sum of the positions will be generally positive or negative, meaning the Index will have a net long or short USD exposure, to seek market neutrality.

There is no assurance that any Index will achieve any positive returns, and the level of any Index may decline significantly over any given period. An Index provides either long, short or zero notional exposure to the corresponding underlying Sub-Indices, depending on the various positions calculated and/or determined in respect of each such Index. When there are large and/or sudden movements in relevant exchange rates, or when the underlying Sub-Indices in which the Indices respectively take notional short positions outperform those in which the Indices respectively take notional long positions, any adverse price movements of the hypothetical forward contracts may exceed any expected potential gains from their respective strategies, leading to potentially significant losses.

Cost and Charges

Each Index will be subject to the following deductions as further described in the Specifications Table (in Annex 1).

- Transaction Costs: Applied daily on a per-Sub-Index, per-transaction basis on the notional exposure of each Sub-Index of the relevant Index when establishing new notional forward positions in relation to each such Sub-Index.
- Roll Costs: Applied daily on the notional exposure of each Sub-Index of the relevant Index to reflect the costs of maintaining the notional forward transaction positions with respect to the relevant Sub-Index.
- Cost Volatility Adjustment: The rate of both the transaction and roll costs incorporate volatility scaling based on each currency's implied volatility. The rate of the costs are adjusted using the implied volatility ensuring that cost assumptions remain realistic across different market conditions.

These deductions are intended to synthetically reflect the anticipated costs that a hypothetical investor would incur if such hypothetical investor were to directly execute transactions to establish and maintain equivalent notional exposure to those represented by the Index and its components.

Index Disruption Events and Adjustments

Upon the occurrence of certain disruption events in the currency markets, the Index Sponsor may exercise a certain amount of discretion in determining the values of the Index components and the level of the Index, and the Index Sponsor may further postpone or cancel any relevant rebalancing in whole or in part, or postpone or cancel calculation of the Index, and make other adjustments to the Index as it deems necessary.

The Index Sponsor has the authority to amend the methodology of the Index as it considers appropriate, in each case in its sole discretion acting in good faith, in order to take into account events or changes in the relevant underlying markets (including changes in law or regulation) or to preserve the investability and objective of the Index. This may include the removal or replacement of any affected eligible currency, forward contract and/or any affected Index input and/or its price source by the Index Sponsor.

	These potentially subjective determinations may adversely affect the level of the Index. The Index Administrator has no obligation to take the interests of any other party into consideration when exercising discretion or making determinations with respect to the Index. The Index Sponsor may further decide to permanently cancel and discontinue calculating and publishing an Index at any time. There is no guarantee that the Index will continue to be calculated for the full duration of any transaction linked to the Index.

Index Determination	
Index Sponsor	Nomura International plc ("NIP"), who is responsible for the administration of the Index.
$Index_t$	With respect to each Index Business Day t, $$Index_t=Index_{t-1}+Index_{t-1,reset}\times Return_t$$ Where t-1 denotes the Index Business Day immediately preceding Index Business Day t, $Index_t$ = 100 on Index Start Date, which is defined in the Index Specifications Table in Annex 1.
$Index_{t,reset}$	With respect to each Index Business Day t that is an Index Reset Date, the Level of $Index_t$ as of [redacted] Index Business Days immediately preceding Index Business Day t. With respect to any other Index Business Day t, $$Index_{t-1,\ Reset}$$ Where t-1 denotes the Index Business Day immediately preceding Index Business Day t
Index Reset Date	Each Index Trading Business Day

Returns Calculation	
$Return_t$	With respect to each Index Business Day t $$Return_t=\sum_{i=1}^{n}[Position^i_{t-1}\times \text{Sub-Index Return}^i_t - Cost^i_t]$$ Where t-1 denotes the Index Business Day immediately preceding Index Business Day t. i is the Eligible Currency as defined in Sub-Index Specifications Table in Annex 1.
n	15

Index Deductions	
$Cost^i_t$	Transaction Costs associated with Eligible Currency "i" on Index Business Day "t", calculated as follows: $$Costs^i_t=RollCosts^i_t+RebalancingCosts^i_t$$ Where $$RollCosts^i_t=\lvert Position^i_{t-1}\rvert\times Roll\ Charge^i\times Multiplier^i_{t-2}\times 1/[redacted]$$ $$RebalancingCosts^i_t=\lvert Position^i_t-Position^i_{t-1}\rvert\times Transaction\ Charge^i\times Multiplier^i_{t-2}$$ Where $Roll\ Charge^i$ and $Transaction\ Charge^i$ are defined in Sub-Index Specifications Table in Annex 1

	And where $$Multiplier^i_t = [redacted]$$ Where $$Above\ Percentile^i_r = \begin{cases} 1 \text{ if Implied } Vol^i_r \text{ is strictly above } Quantile^i_r \\ 0 \text{ otherwise} \end{cases}$$ Implied Vol^i_r is the implied volatility of the Eligible Currency "i" as published on the Bloomberg ticker "[redacted]" where [CCY] are the three letters of the Eligible Currency I in the PX LAST screen up to [redacted] excluded and using a snap as of [redacted] London time thereafter. Before the necessary data for Implied Vol^i_r is available, we assume $Multiplier^i_t$ to be [redacted] $Quantile^i_r$ is the value among (Implied Vol^i_r, Implied Vol^i_{r-1}, Implied Vol^i_{r-2},…,Implied $Vol^i_{r-[redacted]}$) that leaves the closest to [redacted] of these values below or equal $Quantile^i_r$ $Multiplier^i_{t-2}$ is the $Multiplier^i_t$ as of two Index Business Days before Index Business Day t

Index Components	
Eligible Currencies	Mexican Peso ("MXN"), Brazilian Real ("BRL"), Chilean Peso ("CLP"), Polish Zloty ("PLN"), Hungarian Forint ("HUF"), Czech Koruna ("CZK"), South African Rand ("ZAR"), Indonesian Rupiah ("IDR"), Korean Won ("KRW"), Singapore Dollar ("SGD"), Taiwan Dollar ("TWD"), Indian Rupee ("INR"), Philippines Peso ("PHP"), Israeli Shekel ("ILS"), Thai Baht ("THB"). The Eligible Currencies are selected by the Calculation Agent on the basis of liquidity, tradability and being freely floating such that the use of such currency in the Index determination represents the market or economic reality that the relevant Index is intended to measure. Currencies may be removed from or replaced in the universe of the Eligible Currencies by the Calculation Agent subject to the satisfaction of these criteria.
Sub-Index Return^i_t	With respect to each Index Business Day t, $$Sub\text{-}Index\ Return^i_t = \left(\frac{Sub\text{-}Index^i_t - Sub\text{-}Index^i_{t-1}}{Sub\text{-}Index^i_{t-1}} \right)$$ Where t-1 denotes the Index Business Day immediately preceding Index Business Day t
Sub-Index Weekly Return^i_t	[redacted]
Sub-Index^i_t	With respect to each Index Business Day t The level of Sub-Index^i as determined by the Index Sponsor in accordance with the methodology of Sub-Index^i
Position^i_t	With respect to each Index Business Day t that is an Index Trading Business Day $$Position^i_t = [redacted]$$ With respect to any other Index Business Day t, $$Position^i_t = Position^i_{t-1}$$ t-1 denotes the Index Business Day immediately preceding Index Business Day t
Weight^i_t	[redacted]
Smoothed Beta ^i_t	[redacted]
Beta ^i_t	[redacted]

GDP Weekly Return$_t$	[redacted]
GDP Weight$_t^i$	[redacted]
Unhedged Weight$_t^i$	[redacted]
Carry Dispersion$_t$	[redacted]
Normalised Score$_t^i$	[redacted]
Rank Score$_t^i$	[redacted]
Score$_t^i$	[redacted]
Carry$_t^i$	[redacted]
Average Average Interest Rate$_t$	[redacted]
CapFloor AverageInterestRate$_t^i$	[redacted]
RatePositiveCap$_t$	[redacted]
RateNegativeFloor$_t$	[redacted]
Median Interest Rate$_t$	[redacted]
AverageInterestRate$_t^i$	[redacted]
YieldPriceCurrency$_m^i$	[redacted]
2mForward$_m^i$	[redacted]
Spot$_m^i$	[redacted]
2mForwardDaycount$_m^i$	[redacted]

General Definitions	
Index Business Day	Each London and New York Business Day and excluding the London Business Day that is immediately preceding 1st January and 25th December of each calendar year.
Index Trading Business Day	Each day that is an Index Business Day and a Local Business Day for each Eligible Currency i.
Currency Business Day^i	Each day that is an Index Business Day and a Local Business Day (where applicable) for Eligible Currency i.

Local Business Day	For each Eligible Currency i, any day (excluding Saturdays and Sundays) which is specified to be a business day in the Business Centre(s) (if any) for such currency for dealing in foreign exchange markets by the Index Date Provider. For any Index Business Day t, the Index Sponsor shall observe and take account of the business days provided by the Index Date Provider. If any change of business days from the previous Index Business Day is observed ("Index Date Provider Change Observation") before [redacted] London time on Index Business Day t, this will be reflected in the determination of dates and resulting forward rates from and including the Index Business Day ("Index Date Provider Change Execution") immediately following the Index Date Provider Change Observation. Any forward rate determined before the Index Date Provider Change Execution will remain unchanged.
Index Date Provider	Means the external provider (or any successor) of any Local Business Day, as pre-determined by the Index Sponsor at the design stage of the Index (and as may be amended and/or updated from time to time by the Index Sponsor in accordance with Appendix 2, Section 15 of the Control Framework Summary ("Changes to Methodology.")
London Business Day	A day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.
New York Business Day	A day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York.
Index Publication	With respect to each Index Business Day, the Rounded Index Level will be published to the Index Price Source specified in the Index Specifications Table.
Rounded Index Level	Rounded Index Level means the Index Level ($Index_t$) rounded to 3 decimal places.

Index Correction	
Index Correction	If, due to the occurrence of an error (i) in relation to the calculation or publication of the level of an Index, or (ii) in the method for determining an Index, the Index Sponsor has determined on any day (an "**Correction Determination Date**") that an adjustment to the Index is necessary in order to correct such error (an "**Index Correction**"), then the Index Sponsor will make such corresponding adjustments to the Index as it deems necessary, if any, in order to reflect the Index Correction (in each case in accordance with the principles and methodology of the Index). The Index Sponsor may correct errors in accordance with Appendix 2, Section 13 of the Control Framework Summary ("Correction of Errors") and Appendix 2, Section 15 ("Changes to Methodology") where remediation requires changes to the Index methodology.

Index Disruption Events & Fallbacks	
Index Disruption Consequences	If in the determination of the Index Sponsor, an Index Disruption Event has occurred or is occurring in respect of a Sub-Index or an Index Component, then the Index Sponsor may take one or more of the following actions in its discretion, with a view to preserving the objective of the relevant Sub-Index or Index (regardless of

	whether or not the level of the affected Sub-Index has been published by the Index Sponsor in respect of such day): 1. delay any rebalancing and/or instruct the Calculation Agent to delay any calculation of the relevant Index on such day (an "**Index Determination Date**") until the relevant Index Disruption no longer exists, *provided that,* if such Index Disruption Event is continuing on the [redacted] Index Business Day following the relevant Index Determination Date (the "**Delayed Index Determination Date**"), then the Index Sponsor will determine the level of the relevant Sub-Index (including any affected Sub-Index Component) and/or other Index Component (as applicable) in respect of such Index Determination Date as of the related Delayed Index Determination Date in accordance with (2) below; and/or 2. determine the level of the affected Sub-Index and/or other Index Component for such day in accordance with the formula for, and method of, calculating such Sub-Index or Index Component, taking into account the relevant Index Disruption Event, latest available quotation of such Sub-Index and its Sub-Index Components and/or other Index Component as well as other information the Index Sponsor deems relevant, in its discretion, having regard to the standard of input data quality for the relevant Sub-Index or the relevant Index as determined by the Index Sponsor during the design of such Sub-Index or Index, as set out in Appendix 2, , Section 6 of the Control Framework Summary ("Data Sufficiency and Hierarchy of Input Data"), and then instruct the Calculation Agent to calculate the relevant Index using such Sub-Index and/or Index Component level as determined by the Index Sponsor; and/or 3. not calculate and publish the relevant Index Level for such day; and/or 4. delay the relevant Index Level publication; and/or 5. make any adjustments to the Index methodology which it deems necessary to account for the relevant Index Disruption Event.
Index Disruption Event	Means the existence or occurrence on any day of any of the following events, as determined by the Index Sponsor in its sole discretion: 1. in relation to a Sub-Index and its components, any "Index Disruption Event" and any of the events or circumstances specified in the section "Index Modification", each as specified in the Sub-Index Methodology, as maybe amended and updated from time to time by the Index Sponsor, occurs or exists (including, without limitation, any index adjustment, index modification or index disruption); and/or 2. a material modification to a Sub-Index by the Index Sponsor or an announcement by the Index Sponsor that it will make a material modification to a Sub-Index (including a change to the formula for, or method of, calculating a Sub-Index); and/or 3. a failure by the Sub-Index Price Source to publish a level for a Sub-Index on any Index Business Day; 4. on any relevant date on which an Index determination is scheduled to occur, the Index Sponsor fails to calculate and announce a Sub-Index and/or 5. a FX Disruption Event occurs or exists, and/or 6. in relation to any Index Component, the occurrence or existence of an Illiquidity Event, Index Component Disruption, Intervening Circumstances and/or an Index Frustration.
FX Disruption Event	Means, in respect of a Sub-Index Currency (which is not equal to the Index Currency) and the relevant corresponding Index Currency, the Index Sponsor determines in its sole discretion that one or more of the following events (each an "**FX Disruption Event**") has occurred: 1. FX Price Source Failure; 2. FX Price Materiality; 3. failure to convert such Sub-Index Currency into the Index Currency through customary legal channels or failure to transfer either currency from or within the relevant jurisdiction;

	4. failure to convert such Sub-Index Currency into the Index Currency at a rate at least as favourable as the rate for domestic institutions located in the relevant jurisdiction; 5. failure to deliver such Sub-Index Currency or Index Currency from accounts inside the relevant jurisdiction to accounts outside the jurisdiction; 6. failure to transfer such Sub-Index Currency or Index Currency between accounts inside the relevant jurisdiction or to a party that is a non-resident of such jurisdiction; 7. a material change by the FX Price Source in the content, composition, constitution of, or in the formula for or method of calculating (a "**FX Material Change**") the FX spot rate to convert such Sub-Index Currency into the Index Currency (including where any such FX Material Change is due to an amendment or other modification to the rules and/or regulations of the FX Price Source); and/or 8. an FX Rate Regime Change with regards to currencies for which the Sub-Index is not equal to the Index Currency.
FX Price Source Failure	Means that the Index Sponsor determines that, in relation to any day, a Price Source and its Fallback Price Source (if applicable), and/or a Forward Price Source and its Fallback Forward Price Source (if applicable), fails to announce or publish any relevant price, level, rate or in other data necessary for the determination of the Index.
FX Price Materiality	If, on any day, the level published on any FX Price Source in relation to any price, level, rate or other variable necessary to determine an Index is, in the sole determination of the Index Sponsor, significantly different to the level of such variable prevailing in the market.
FX Rate Regime Change	Means, with respect to a given currency, a change by the relevant monetary authority over the rate at which such currency trades against other currencies, including but not limited to, the imposition or removal of an exchange rate peg.
Index Date Provider Event	Upon the occurrence of an Index Date Provider Event, the Index Sponsor may (in order to preserve the economic objective of the relevant Index and/or the prompt or accurate determination of the level of such Index) determine the relevant Local Business Day, taking into account the Original Specified Date (if any) and any other information it deems necessary (including any information announced, published or provided by the Index Date Provider). **"Index Date Provider Event"** means, on any day, that: (i) a Local Business Day specified (or to be specified) by the Index Date Provider: (A) is not published or announced by the Index Date Provider, or is (or becomes) otherwise unavailable or inaccessible; and/or (B) is in the determination of the Index Sponsor false, incorrect or different to the date prevailing in the market as the date on which the relevant Eligible Currency i can be traded without preventing, disrupting or impairing the ability of the relevant Index to achieve its economic objective, the prompt or accurate determination of the level of such Index, or the ability of the Index Sponsor perform its role in respect of such Index; and/or (ii) the Index Date Provider announces, or the Index Sponsor becomes aware, that a Local Business Day is different, or is reasonably likely to be different, from the date as previously specified by the Index Date Provider ("**Original Specified Date**"), at any time prior to Original Specified Date; and each case (i) and/or (ii) above has a material effect on the timely determination of the relevant Index.
Index Frustration	Means any event or circumstance that, in the opinion of the Index Sponsor, prevents, disrupts or impairs the ability of an Index or Sub-Index (as applicable) to achieve its economic objective or the prompt or accurate determination of the level of such Index and/or Sub-Index; or any other event or circumstance which causes the Index Sponsor to reasonably conclude that as a consequence of such event or circumstance, if the level of the relevant Index and/or Sub-Index were to be determined, it could not be relied upon to represent the market or economic reality that such Index and/or Sub-Index is intended to measure.
Intervening Circumstances	Means the occurrence of a systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any similar intervening circumstance beyond the Index Sponsor's and/or Index Calculation Agent's reasonable control, in respect of an Index Component, and which in the determination of the Index Sponsor prevents, disrupts or impairs: 1. the ability of an Index or a Sub-Index (as applicable) to achieve its economic objective; and/or 2. the prompt or accurate determination of the level of an Index or a Sub-Index (as applicable); and/or 3. the ability of the Index Sponsor or Index Calculation Agent to perform its role in respect of an Index or a Sub-Index (as applicable).

Index Modification	
Index Modification	Upon the occurrence of an Index Modification Event, the Index Sponsor may, to account for any effects such event has on an Index, make such adjustment(s) to relevant Index as it deems appropriate such as, but not limited to: (i) removing or replacing such affected Index Component and/or its Price Source (and/or, as applicable, its Fallback Price Source, Forward Price Source, and/or Fallback Forward Price Source) with an alternative futures or options contract, currency, rate, variable or other component (a "**Replacement Component**") which, in it its sole determination, is consistent with the objective of relevant Index and, where possible, is of the same or equivalent standard of quality as any input data and/or Price Source used prior to the occurrence of the Index Modification Event, having regard to the standard of input data quality for the relevant Index, as determined by the Index Sponsor during the design of the Index, as set out in Appendix 2, Section 6 of the Control Framework Summary ("Data Sufficiency and Hierarchy of Input Data"); and/or (ii) making such other adjustments to the Index methodology which it deems appropriate to preserve the objective of the relevant Index, taking into account the relevant Index Modification Event. The Index Sponsor may refrain from rebalancing and calculating and/or publishing the relevant Index until the Index Modification Event ceases to exist. For the purpose of the removal or replacement of any affected Index Component and/or its Price Source (and/or, as applicable, its Fallback Price Source, Forward Price Source, and/or Fallback Forward Price Source), the Index Sponsor may make any other adjustments to the Index methodology to account for the price or value of the affected Index Component at the time of its removal and any related charges, fees, taxes or costs to the Index Sponsor for implementing any Replacement Component. The Index Sponsor will modify the Index in accordance with Appendix 2, Section 15 of the Control Framework Summary ("Changes to Methodology"). If the Index Sponsor determines that no such adjustment(s) would preserve the objective of the relevant Index, and/or the prompt and/or accurate determination of the level of the relevant Index, and/or such adjustment(s) are not economically, operationally, legally or otherwise feasible (after using commercially reasonable efforts) ("**Index Modification Failure**") it may cancel the relevant Index in accordance with the Index Cancellation provisions herein.
Index Modification Event	Means the existence or occurrence of a Dual Exchange Rate Event, Illiquidity Event, Inconvertibility Event, Non-Transferability Event, Input Data Decline Event and/or Extraordinary Event.
Dual Exchange Rate Event	Means that, with respect to any Eligible Currency i, the exchange rate applicable to that Eligible Currency i splits into dual or multiple currency exchange rates.
Illiquidity Event	Means that the Index Sponsor is generally prevented, disrupted or impaired from obtaining a firm quote of any Index Component or market participants in general are generally prevented, disrupted or impaired from entering into transactions or obtain market values of the type which would be required to implement the relevant Index in a commercially reasonable manner (including, without limitation, a significant widening in the bid/offer and/or a significant reduction in liquidity in an Index Component).
Inconvertibility Event	Means that the Index Sponsor is generally prevented, disrupted or impaired from converting generally in the currency markets any Eligible Currency i into USD through customary legal channels; or from converting an Eligible Currency i into USD at a rate at least as favourable as the rate for domestic institutions located in the Currency Jurisdiction, in each case as would be necessary to implement the Index.
Non-Transferability Event	Means that the Index Sponsor is generally prevented, disrupted or impaired in the markets from delivering amounts (as is necessary to implement the Index) denominated in USD as appropriate from accounts inside any Currency Jurisdiction to accounts outside that Currency Jurisdiction or amounts denominated in any Eligible Currency i between accounts inside the relevant Currency Jurisdiction or to a party that is a non-resident of that Currency Jurisdiction.
Input Data Decline Event	Means if the Index Sponsor determines that the input data and/or Price Source (and/or, as applicable, its Fallback Price Source, Forward Price Source, and/or Fallback Forward Price Source), in relation to an Index Component used to calculate the relevant Index:

	1) is no longer available (whether due to a permanent discontinuation of trading, disappearance or otherwise); and/or 2) is repeatedly different to a significant extent from the level of such data prevailing in the market; and/or 3) has been the subject of a Material Change in a manner which has or will have a material adverse effect on the relevant Index achieving its stated objective; and/or 4) is no longer sufficient to represent accurately and reliably the market and economic reality that the relevant Index (as applicable) is intended to measure, or is otherwise not appropriate; and/or 5) no longer meets the standard of input data quality for the Index as determined by the Index Sponsor during the design of the Index, as set out in Appendix 2, Section 6 of the Control Framework Summary ("Data Sufficiency and Hierarchy of Input Data").
Extraordinary Event	Means any of Change in Law and/or Increased Cost of Index Implementation.
Change in Law	Means that (i) due to the adoption of, or any change in any applicable law or regulation or (ii) due to the promulgation of, or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction over any applicable law or regulation (including any action taken by a taxing authority), the Index Sponsor determines in good faith that (x) it has become illegal to hold, acquire or dispose of an Index Component, or (y) the cost of trading in an Index Component for the Index Sponsor or its affiliates has materially increased (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).
Index Component Disruption	Means that the Index Sponsor or any of its affiliates or agents is unable, or it is impractical, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to implement the relevant Index, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), including, without limitation, where such inability or impracticability has arisen by reason of any restriction on making new or additional investments in any Index Component.
Increased Cost of Index Implementation	Means that the Index Sponsor or any of its affiliates would incur a materially increased amount of tax, duty, expense or fee to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to implement the relevant Index (as applicable), or (ii) realise, recover or remit the proceeds of any transaction(s) or asset(s).

Index Cancellation	
Index Cancellation	The Index Sponsor may permanently cancel and discontinue calculating and publishing an Index, in accordance with Appendix 2, Section 17 of the Control Framework Summary ("Termination of Indices and Transitional Arrangements"), including without limitations upon the occurrence of an Index Modification Failure.

Definitions	
Currency Jurisdiction	Means with respect to any Eligible Currency i, the country for which such Eligible Currency i is the lawful currency.
Index Component	Means each Sub-Index and its Sub-Index Components, each Sub-Index Currency, Index Currency and the forex spot conversation rate for the relevant Sub-Index Currency, as well as any other index, futures contract, forward, currency, rate, variable or other component necessary in order to determine a level of the relevant Index, in each case, in line with the then existing methodology of such Index.
Sub-Index Component	Means, in respect of a Sub-Index, each underlying component index, futures contract, forward, currency, rate, variable or other component necessary in order to determine a level of such Sub-Index, in each case, in line with the then existing methodology of the relevant Sub-Index.
Sub-Index Price Source	Means in respect of a Sub-Index, the relevant publication page specified as price source in relation to such Sub-Index in the Appendix hereto or any other publication, page (or any other origin of reference, including an exchange) containing (or reporting) the prices, levels, rates or other data utilised by the Index Sponsor for such Index Component. References to Price Source shall be construed as referring also to any successor publication, page or source on which the relevant prices, levels, rates or other data for an Index Component may be disseminated, as determined by the Index Sponsor in its sole discretion and acting in a commercially reasonable manner.
FX Price Source	Means, with respect to a Sub-Index Currency and an Index Currency, the 4PM WMR Spot mid closing rate as published by Refinitiv. References to FX Price Source shall be construed as referring also to any successor publication, page or source on which the relevant prices, levels, rates or other data for the spot

	conversion of a Sub-Index Currency and an Index Currency may be disseminated, as determined by the Index Sponsor in its sole discretion and acting in a commercially reasonable manner.
Index Currency	Means, with respect to an Index, the Currency of such Index, as designated in the Index Specifications Table in Annex 1.
Sub-Index Currency	Means, with respect to a Sub-Index, the Eligible Currency of such Sub-Index, as designated in the Sub-Index Specifications Table in Annex 1.
Price Source	Means in respect of an Index Component, the relevant publication page specified as price source in relation to such Index Component in the Appendix hereto or any other publication, page (or any other origin of reference, including an exchange) containing (or reporting) the prices, levels, rates or other data utilised by the Index Sponsor for such Index Component. References to Price Source shall be construed as referring also to any successor publication, page or source on which the relevant prices, levels, rates or other data for an Index Component may be disseminated, as determined by the Index Sponsor in its sole discretion and acting in a commercially reasonable manner
Fallback Price Source	As specified in the Index Specifications Table in Annex 1
Forward Price Source	As defined in and in relation to the relevant Sub-Index
Fallback Forward Price Source	As defined in and in relation to the relevant Sub-Index

Additional information in respect of the Index methodology

The Index Sponsor has established a governance framework (the "**Governance Policy and Control Framework**") to ensure compliance with the UK BMR[1] and the IOSCO Principles and any related measures and applicable FCA rules (each as amended or replaced from time to time)[2]. The Governance Policy and Control Framework governs (amongst other things) the development, determination and operation of indices administered by the Index Sponsor. A summary of the Governance Policy and Control Framework (the "**Control Framework Summary**") is published on: www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml.
Please refer to the summary of the Governance Policy and Control Framework in respect of the following information applying to the Index methodology:

[1] *UK BMR means the United Kingdom Benchmark Regulation which comprises Regulation (EU) 2016/1011 ("**EU BMR**") as amended by Regulation (EU) 2019/2089 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks insofar as they are applicable in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 and other United Kingdom legislation which implements and amends retained European Union law in the United Kingdom including, but without limitation, the Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019, SI 2019/657.*

[2] *https://www.iosco.org/library/pubdocs/pdf/IOSCOPD415.pdf . The Governance Policy and Control Framework will be periodically reviewed and has been updated to reflect the requirements of EU BMR and will be updated in due course to reflect the requirements of UK BMR, as well as related measures and applicable FCA rules.*

Criteria for Index Development and Input Data and Source Selection	The criteria and procedures used to develop each Index, and for selecting the sources of data inputs used in each Index, are set out in Appendix 2, Section 3 of the Control Framework Summary ("Index Design and Creation of New Indices and Methodologies") and Appendix 2, Section 6 ("Data Sufficiency and Hierarchy of Input Data").
Exercise of Expert Judgment and discretion	The Index Sponsor has adopted guidelines and procedures designed to promote consistency in the exercise of Expert Judgment and discretion for Index determinations. Further details are contained in Appendix 2, Section 14 of the Control Framework Summary ("Expert Judgment and Discretion").
Input Data Type Priority	The Index Sponsor applied the hierarchy for data inputs as set out in Appendix 2, Section 6 of the Control Framework Summary ("Data Sufficiency and Hierarchy of Input Data") when considering the data inputs used to construct each Index.
Index Error Reports and Revision	The Index Sponsor has adopted procedures for analysis and remediation of Index errors, and for potential restatement of a published Index level. Further details are contained in Appendix 2, Section 13 of the Control Framework Summary ("Correction of Errors") and Appendix 2, Section 15 ("Changes to Methodology") where remediation requires change to the Index methodology.
Quantity and Quality of Input Data	The Index is constructed by the Index Sponsor using both single prices or levels and an average or other formula of prices or levels prescribed by the Index methodology. The Index Sponsor therefore considers that the requirement to determine the thresholds of the quantity of data inputs, necessary to determine the Index accurately and reliably, has been met. The Index Sponsor determines the standards of quality of the data inputs used in each Index at the design stage of each Index in accordance with Appendix 2, Section 6 of the Control Framework Summary ("Data Sufficiency and Hierarchy of Input Data"). These standards are reflected in the Index methodology, as described in this Rulebook. The Index Sponsor will review these standards and the data inputs on a periodic basis in accordance with Appendix 2, Section 16 of the Control Framework Summary ("Periodic Review of Indices") and in the full policies and procedures available on the Index Sponsor's public website, to ensure that the data inputs used continue to be of sufficient quality to determine the Index accurately and reliably, and will accordingly determine whether an Index Modification Event has occurred.
Internal Reviews of the Index	The Index Sponsor is required to conduct internal reviews of the Index on a periodic basis. Further details regarding the frequency of those reviews, the procedures to be followed, and the bodies or functions within the Index Sponsor's organisational structure involved in such reviews, are contained in Appendix 2, Section 16 of the Control Framework Summary ("Periodic Review of Indices") and in the full policies and procedures available on the Index Sponsor's public website. Reviews will further be conducted where the Index Sponsor considers it desirable or necessary to do so, including in response to specific events or otherwise. Specific events may include (without limitation) any index errors, index disruptions, or other index life-cycle events; changes in market circumstances; changes in the applicable legal or regulatory environment; any challenges or complaints or other feedback from stakeholders, and/or any material audit findings. Further information regarding the procedures to be followed in response to certain specific events, and the bodies or functions within the Index Sponsor's organisational structure involved in such reviews, can be found in Appendix 2, Sections 13 ("Correction of Errors"),14 ("Expert Judgment and Discretion"), 15 ("Changes to Methodology"), 19 ("Complaints Handling Policy"), 21 ("Audits"), and any other sections of the Control Framework Summary which may be relevant from time to time.
Index Approval	The criteria and procedures used to approve the Index, and the bodies or functions within the Index Sponsor's organisational structure involved in such approval, are set out in Appendix 3 of the Control Framework Summary ("Main Features of Index Committee Constitution and Terms or Reference") and Appendix 2, Section 3 ("Index Design and Creation of New Indices and Methodologies").
Investor Consultation upon Index termination and material changes to the Index methodology	The Index Sponsor is required to consult investors of index linked products when proposing material changes to the Index methodology and termination of each Index. Further details on the circumstances and procedures under which consultation takes place are contained in Appendix 2, Section 15 of the Control Framework Summary ("Changes to Methodology"), Appendix 2, Section 17 ("Termination of Indices and Transitional Arrangements") and in the full policies and procedures available on the Index Sponsor's public website.
Active Market of the Index	As of the date of this Index description, the Index Sponsor considers the underlying market of the Index to be active, in accordance with Appendix 2, Sections 3 ("Index Design and Creation of New Indices and Methodologies") of the Control Framework Summary.
Outsourcing of Index Determination	The Index Sponsor has outsourced certain IT, Quants, Middle Office and Structuring functions to Nomura Structured Finance Services (India) Private Limited subject to a corporate service agreement between the entities. Further details are contained in Appendix 2, Section 1 of the Control Framework Summary ("Oversight of Third Parties").

Index Sponsor Disclaimer

Index Disclaimer	The Index Sponsor and its affiliates make no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of an Index and/or the levels at which the relevant Index stands at a particular time on any particular date or otherwise. The Index Sponsor and its affiliates shall not be liable (whether in contract, tort or otherwise) to any person for any error in such Index. The Index Sponsor and its affiliates make no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with entering into any transactions or products which are linked to or deriving a value from an Index. Neither the Index Sponsor nor its affiliates shall have any liability for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of an Index. Although the Index Sponsor will obtain information concerning an Index from publicly available sources it believes reliable, such information may not have been independently verified. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Index Sponsor or its affiliates as to the accuracy, completeness and timeliness of information concerning an Index or any other information provided by any person in connection with the information described herein, or as to the continuance of calculation or publication of an Index. Nothing in this disclaimer shall exclude or limit liability to the extent such exclusion or limitation is not permitted by law or regulation to which the Index Sponsor is subject.

Annex 1

Index Specifications Table

Index	Currency	Index Price Source (Bloomberg page)	Index Start Date
Nomura EM FX Market Neutral Carry Index	USD	NMFXEMCA Index	[redacted]
Nomura EM FX Market Neutral Velocity Index	USD	NMFXEMVE Index	[redacted]
Nomura EM FX Market Neutral Carry & Velocity Index	USD	NMFXEMCV Index	[redacted]

Index Components

Sub-Index Specifications Table

i	Eligible Currency	Sub-Index	Bloomberg page	Trading Time	Roll Charge	Transaction Charge
1	IDR	Nomura FX IDR 3M to 1M Return	NMFXIDR3 Index	[redacted]	[redacted]	[redacted]
2	ILS	Nomura FX ILS 3M to 1M Return	NMFXILS3 Index	[redacted]	[redacted]	[redacted]
3	INR	Nomura FX INR 3M to 1M Return	NMFXINR3 Index	[redacted]	[redacted]	[redacted]
4	KRW	Nomura FX KRW 3M to 1M Return	NMFXKRW3 Index	[redacted]	[redacted]	[redacted]
5	PHP	Nomura FX PHP 3M to 1M Return	NMFXPHP3 Index	[redacted]	[redacted]	[redacted]
6	SGD	Nomura FX SGD 3M to 1M Return	NMFXSGD3 Index	[redacted]	[redacted]	[redacted]
7	TWD	Nomura FX TWD 3M to 1M Return	NMFXTWD3 Index	[redacted]	[redacted]	[redacted]
8	BRL	Nomura FX BRL 3M to 1M Return	NMFXBRL3 Index	[redacted]	[redacted]	[redacted]
9	CLP	Nomura FX CLP 3M to 1M Return	NMFXCLP3 Index	[redacted]	[redacted]	[redacted]
10	CZK	Nomura FX CZK 3M to 1M Return	NMFXCZK3 Index	[redacted]	[redacted]	[redacted]
11	HUF	Nomura FX HUF 3M to 1M Return	NMFXHUF3 Index	[redacted]	[redacted]	[redacted]
12	MXN	Nomura FX MXN 3M to 1M Return	NMFXMXN3 Index	[redacted]	[redacted]	[redacted]
13	PLN	Nomura FX PLN 3M to 1M Return	NMFXPLN3 Index	[redacted]	[redacted]	[redacted]
14	ZAR	Nomura FX ZAR 3M to 1M Return	NMFXZAR3 Index	[redacted]	[redacted]	[redacted]
15	THB	Nomura FX THB 3M to 1M Return	NMFXTHB3 Index	[redacted]	[redacted]	[redacted]

Normalisation

Rank $Carry_t^i$	Normalised $Carry_t^i$
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
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[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

GDP Tickers Table

i	Eligible Currency	GDP Tickers
1	IDR	[redacted]
2	ILS	[redacted]
3	INR	[redacted]
4	KRW	[redacted]
5	PHP	[redacted]
6	SGD	[redacted]
7	TWD	[redacted]
8	BRL	[redacted]
9	CLP	[redacted]
10	CZK	[redacted]
11	HUF	[redacted]
12	MXN	[redacted]
13	PLN	[redacted]
14	ZAR	[redacted]
15	THB	[redacted]

Annex 2

Important Risks and Disclosures in Relation to the Indices

Suitability

Financial products and transactions which are linked to an Index (collectively "**Financial Products**") are suitable only for investors who:

a) if distributed into the US, are or are advised by investment advisors that are qualified institutional buyers as defined in Rule 144A under the Securities Act of 1933, as amended; and if distributed into Singapore investors who are Institutional Investors as defined in Securities and Futures Act, Chapter 289, as amended;
b) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Financial Products;
c) understand thoroughly the terms and conditions of the Financial Products and are familiar with the relevant underlying and markets and how the performance thereof may affect the payments and value of the Financial Products;
d) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation and the impact the Financial Products will have on their overall investment portfolio;
e) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Financial Products; and
f) have reviewed thoroughly all of the materials provided with respect to the Financial Products and the relevant underlying, including the Risk Factors set forth below.

Risk Factors Relating to the Indices

Performance Risk

There is no assurance that any Index will achieve any positive returns, and the level of any Index may decline significantly over any given period.

Each Index provides dynamically weighted exposure to 15 underlying Sub-Indices, each representing hypothetical forward contracts reflecting long positions in specific emerging-market currencies and short positions in U.S. dollars while taking into account the costs of financing such positions. Each Index's performance depends on the relative performance of currencies selected for long positions versus those selected for short positions based on factor scoring methodologies. [redacted]

[redacted] However, when there are large and sudden movements in exchange rates, or when currencies in which an Index takes notional short positions outperform currencies in which such Index takes notional long positions, adverse price movements of the hypothetical forward contracts may exceed any expected potential gains from their respective strategies, leading to potentially significant losses.

Strategy Risk

Each Index aims to implement a multi-factor investment strategy that seeks to provide returns by dynamically allocating between long and short positions in emerging-market currencies based on each Index's respective factor(s) scores: carry factor scores (the Carry Index), velocity factor scores (the Velocity Index), and combined carry & velocity factor scores (the Carry & Velocity Index). [redacted]

While the factor-based strategies aim to monetise interest rate differentials and relative value opportunities across emerging-market currencies, adverse price movements in the selected currencies may more than offset such differentials and each Index may result in significant losses. [redacted], but this may result in net long or short USD exposure that could adversely affect performance.

The level of each Index will generally increase if currencies selected for long positions based on factor scores sufficiently outperform currencies selected for short positions by an amount that more than offsets any adverse currency movements and financing costs. Conversely, the Index will generally decrease if currencies selected for long positions do not sufficiently outperform currencies selected for short positions or if [redacted] prove counterproductive.

There can be no assurance that these strategies will be effective, and an Index may not achieve its respective stated investment objectives. Each Index has been constructed on the basis of certain historically observed factor relationships and assumptions, respectively regarding carry patterns, velocity effects, and correlation structures, which may not prove to be correct in any future period. Additionally, an Index's methodology is rules-based and systematic, and while it incorporates dynamic rebalancing, the fundamental factor definitions and allocation mechanisms will not change in response to structural shifts in market conditions or monetary policy regimes.

Data and Pricing Risk

The price data for the Index components is not always publicly available, and the Index Sponsor determines the price of each Index component through linear interpolation based on publicly available data relating to forward contracts on the applicable emerging-

market currencies. This interpolation methodology may not accurately reflect true market values, particularly during periods of market stress, low liquidity, or when available data points are limited or stale.

Leverage and Scaling Risk

[redacted], but such periods may also coincide with increased market volatility and correlation among emerging-market currencies. Higher leverage amplifies both potential gains and losses, and the Index may experience significant adverse performance when leveraged positions move against the strategy.
[redacted], but this relationship may not hold consistently across different market environments. During periods of market stress, high carry dispersion may coincide with increased correlation and volatility that could result in substantial losses despite the apparent attractiveness of the carry opportunities. [redacted].

Market Neutrality and Beta Risk

[redacted] However, this neutralisation process may not effectively eliminate directional exposure to emerging-market currencies as an asset class, [redacted]. The beta neutralisation may result in net long or short USD exposure, which introduces additional currency risk that may not be fully captured by the neutralisation methodology.

The effectiveness of the market neutrality mechanism depends on the stability of beta relationships and correlations among the underlying currencies, which may change significantly during periods of market stress, policy shifts, or structural economic changes. [redacted] may not be sufficient to maintain true market neutrality, and the Index may experience unintended directional bias that could adversely affect performance, particularly during broad-based emerging-market currency movements.

Risk of Overexposure or Underexposure

Each day, each Index calculates its exposure to the 15 Eligible Currencies based on its specific methodology to determine position weightings, with the nature and magnitude of any long or short notional position determined by multiple factors relating to the respective factor scoring methodologies and factor-based allocation mechanisms. If an Index reduces its exposure to a position that proves advantageous, potential gains will be diminished, while increasing exposure to a position that proves disadvantageous will enhance losses. Additionally, an Index cannot take or maintain any notional position in an underlying component if the factor scoring methodology and factor-based allocation mechanism signals zero, meaning investors will have no exposure to those currencies and will not benefit from any positive movements during periods when no such exposure exists.

Currency Exchange Rate Risk

Currency exchange rates vary over time, and may vary considerably during the term of any transaction. The values of the relevant currencies relative to the U.S. dollar are, at any time, a result of the supply and demand for those currencies. Changes in currency exchange rates result over time from the interaction of many factors directly or indirectly affecting economic and political conditions in a relevant country, and economic and political developments in other countries. Currency exchange rates can also be affected by actions of the relevant sovereign government.

Of particular importance to potential currency exchange risk are:
- the overall growth and performance of the economies of the relevant countries;
- existing and expected rates of inflation;
- existing and expected interest rate levels;
- the balance of payments in the relevant countries and between each relevant country and its major trading partners;
- the extent of governmental surplus or deficit in the relevant countries; and
- the stability of the governments and banking systems of the relevant countries.

All of these factors are, in turn, sensitive to the monetary, fiscal and trade policies pursued by the relevant countries and those of other countries important to international trade and finance, and all of which could have a material effect on the performance of an Index.

Emerging Markets Risk

Emerging-market countries are more exposed to the risk of swift political change and economic downturns than their industrialised counterparts. In recent years, some emerging markets have undergone significant political, economic and social upheaval. Such far-reaching changes have resulted in constitutional and social tensions, and, in some cases, instability and reaction against market reforms have occurred. With respect to any emerging-market nation, there is the possibility of nationalisation, expropriation or confiscation, political changes, government regulation and social instability. Future political changes may adversely affect the economic conditions of an emerging-market nation. Political or economic instability could affect the applicable emerging-market countries, the performance of their respective currencies, and thus the performance of an Index and/or Sub-Index.

Risks Relating to Currency Markets

Currency markets may be highly volatile. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time. Foreign currency risks include, but are not limited to, convertibility risk, market volatility and the potential impact of actions taken by governments, which may include the regulation of exchange rates or foreign investments, the imposition of taxes, the issuance of a new currency to replace an existing currency or the evaluation or revaluation of a currency. These factors may affect currency spot rates and the level of an Index in varying and potentially inconsistent ways. As a result of these or other factors, the level of the Index may be, and has at times been, volatile.

Risks Relating to Interest Rates

The performance of an Index will depend in part on the interest rate differentials of the applicable currencies and the U.S. dollar. Interest rates, however, are subject to volatility due to a variety of factors, including:

- sentiment regarding the underlying strength in the economies of the relevant countries;
- expectations regarding the levels of price inflation in such countries;
- sentiment regarding credit quality in such countries, as well as in global credit markets generally;
- the policies of worldwide central banks regarding interest rates; and
- the performance of capital markets.

Fluctuations in interest rates in the relevant countries will affect the level of an Index.

Impact of Index Charges

Each Index applies a fixed charge against the level of each Sub-Index of the relevant Index on a daily basis, as set forth in the Index Specifications Table, comprised of both transaction-based and roll-based charges from the level of the Index. The fixed charge amounts are determined by the Index Sponsor based on a variety of factors, including (but not limited to) the anticipated costs to an investor that would be incurred if an investor were to execute hypothetical transactions to establish and/or maintain equivalent notional forward positions to those represented by the relevant Index and its Sub-Indices. Such costs would include (but not be limited to) bid-ask spreads, exchange fees, brokerage commissions and costs associated with forward margining.

In addition to the fixed charge amounts, the Index Sponsor may charge swap transaction counterparties certain running fees in connection with any swap transaction linked to any Index. The amount and basis of any such fees, which accrue to the benefit of the Index Sponsor in consideration for establishing and maintaining the relevant Index, will be set forth in the applicable swap transaction documentation. Also, the fixed charge against the level of each Sub-Index of the relevant Index is in addition to any potential reduction to the levels of the relevant underlying Sub-Indices and the relevant Index due to any financing costs reflected in the returns of the relevant underlying Sub-Indices.

Each Index's charges are incurred upon implementation of new notional forward positions in the corresponding underlying Sub-Indices, as well as to reflect the costs of maintaining exposure to them. The amount of charges deducted varies for each underlying Sub-Index and is based on the size of the relevant positions taken in each underlying Sub-Index. Generally, the more frequently an Index establishes, terminates and/or alters its notional forward positions, the greater the number of transactions necessary to achieve the targeted notional exposure for each corresponding underlying Sub-Index, and so the greater the relevant Index's charges will be.

Index charges will reduce the level of the relevant Index in all cases, whether the relevant Index performs well or poorly.

The Values of the underlying Sub-Indices Take Into Account Financing Costs, Which May Reduce the Levels of the underlying Sub-Indices and the Index

As described in the Index Summary, each Index provides exposure to each currency by taking notional positions in the underlying Sub-Index corresponding to such currency. Each underlying Sub-Index represents a hypothetical forward contract reflecting a long position in a particular currency and a short position in U.S. dollars, while taking into account the costs of financing such positions.

The financing costs represent the cost of carry (i.e., the cost of borrowing money in order to enter and maintain the relevant positions). These financing costs may be positive or negative, depending on the interest rate differential between the applicable currency and the U.S. dollar and thus can reduce the levels of the underlying Sub-Indices and the Index. These costs are separate from, and in addition to, any other Index charges.

Accordingly, investments linked to the Index may underperform similar investments that are based on the actual spot exchange rates of the applicable currencies.

Past Performance is No Guide to Future Performance

Historical levels, if any, of an Index should not be viewed as an indication of future performance. The actual performance of an Index during any future period may bear little, if any, relation to the historical performance of such Index. No one can predict with any degree of certainty the future performance of an Index.

Lack of Operating History; Back-Tested Performance

Each Index was established recently and, therefore, each does not have sufficient data upon which to evaluate long-term performance over various economic cycles. If such historical data is not available or is incomplete for any particular day, the Index Sponsor may use alternate sources of data in place of such historical data, and/or may substitute alternative values (which may be determined by the Index Sponsor), as it deems necessary to calculate such hypothetical level of such Index. Any performance information for periods

prior to the inception of an Index represents simulated returns based on back-tested data intended to illustrate how the relevant Index may have performed had it been created in the past, but those simulations are subject to many limitations. Unlike actual historical performance, such simulations do not reflect actual trading, liquidity constraints and other factors that may affect the results obtained from such back-tested data, should not be considered indicative of the actual results that might be obtained from an investment in the relevant Index, and the actual performance of the relevant Index may vary significantly from the results obtained from back-testing. Unlike an actual performance record, simulated results are achieved by means of the retroactive application of a back-tested model which was itself designed with the benefit of hindsight and knowledge of factors that may have affected its performance. In addition, the model used to simulate these hypothetical returns is based on certain data, assumptions and estimates. Different models or models using different data, assumptions and estimates might result in materially different hypothetical performance results. Due to inherent limitations in hypothetical performance results, there may frequently be significant differences between hypothetical performance results and the actual results subsequently achieved.

The Index's Investments Are Entirely Notional; No Ownership Rights in the Index Components

The exposure to the Index Components provided by an Index is purely notional and will exist solely in the records maintained by or on behalf of the Index Sponsor. There is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. Consequently, investors in products linked to an Index will not have any rights that holders would have with respect to any of the Index Components. The Index will not reflect the return of a direct investment in any of the Index Components.

The Hypothetical Currency Forward Contracts Differ from Currency Exchange Rates

The underlying Sub-Indices consist of hypothetical forward contracts on particular currencies relative to the U.S. dollar. The price of each hypothetical currency forward contract reflects the expected exchange rate of the related currency relative to the U.S. dollar in the future, whereas the spot exchange rate of a currency reflects the immediate value of that currency relative to a reference currency. The price of a currency forward contract depends not only on the spot rates of the related currency, but also on other factors, including but not limited to the interest rates in the countries of both the applicable currency and the reference currency. While the changes in the price of a currency forward contract are generally correlated with changes in the spot rates of the related currency, such correlation is not exact. Accordingly, investments linked to the return of currency forward contracts may underperform similar investments that are based on the actual spot rate of the applicable currency.

The underlying Sub-Indices Represent Hypothetical Currency Forward Contracts, and Price Data may Not be Available and will be Determined by the Index Calculation Agent

The underlying Sub-Indices are hypothetical, and price data for the underlying Sub-Indices is not always publicly available. The Index Calculation Agent determines the price of each underlying Sub-Index through a linear interpolation based on publicly available data relating to forward contracts on the applicable currency. There can be no assurance that the prices of the underlying Sub-Indices determined by the Index Calculation Agent will correspond to prices of actual currency forward contracts. You may not be able to determine the prices of the hypothetical forward contracts on any given day. In the event that any price data necessary to calculate the level of a Sub-Index is unavailable on the designated price sources, the Index Calculation Agent may determine such price data in its sole discretion, acting in a manner that it reasonably believes will be consistent with the objectives of the relevant Index.

The Hypothetical Forward Contracts are Not Traded on Regulated Futures Exchanges

The prices of the underlying Sub-Indices are based on over-the-counter contracts traded on trading facilities that are subject to lesser degrees of regulation than futures contracts traded on regulated futures exchanges or, in some cases, no substantive regulation. As a result, trading in such contracts, and the manner in which prices and volumes are reported by the relevant trading facilities, may not be subject to the same provisions of, and the protections afforded by, the U.S. Commodity Exchange Act, as amended, or other applicable statutes and related regulations that govern trading on regulated futures exchanges. In addition, many electronic trading facilities have only recently initiated trading and do not have significant trading histories. As a result, the trading of contracts on such facilities and the inclusion of such contracts in an Index may expose you to certain risks not presented by most exchange-traded futures contracts, including risks related to the liquidity and price histories of the relevant futures contracts.

Other risks related to the Indices

Disruptions may Impact Performance

The markets in which the underlying components and/or instruments of an Index and/or of any Sub-Index are traded are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. These circumstances could adversely affect the level of an Index and/or any Sub-Index.

Each Index provides exposure to its underlying components and/or instruments and their respective market though sub-indices. For more information on the risks of such sub-indices please refer to the index summary document for each Sub-Index.

Conflicts of Interest

Nomura International plc is the Index Sponsor, and is therefore responsible for maintaining each Index and its Sub-indices, as well as calculating and publishing the level of each Index, based on the methodology described in this rulebook. Nomura International plc (or any one of its affiliates) will be the Nomura counterparty to any investment product entered into based on an Index. This gives rise to potential conflicts of interest.

In respect of any Index-linked investment product that Nomura International plc or any of its affiliates enters into, Nomura International plc (or any of its affiliates) will typically enter into hedging and pre-hedging transactions. Such hedging and pre-hedging activities will

typically involve trading the instruments underlying the relevant Index or instruments related to those underlying the relevant Index. Potentially market-sensitive information, such as allocation determinations, is shared with the respective trading desk in order to risk manage Nomura International plc's (or its affiliates') Index-linked investment products in the normal course of its hedging activities. There is no physical separation between the Index Sponsor and other front-office functions within Nomura International plc. Nomura International plc and its affiliates may also trade otherwise (either for proprietary accounts or their client accounts), in the normal course of business, in any Index, in components and/or instruments underlying any Index or in components and/or instruments related to those that are linked to any of the foregoing, which may affect the level of any Index. These trading activities may present a conflict between the interests of an investor that is considering whether or not to enter (or has already entered) into an investment product based on the Index with Nomura International plc or any of its affiliates, and the interests that Nomura International plc and its affiliates will have in their risk management of any Index-linked investment product, in their proprietary accounts, in facilitating transactions for their customers and in accounts under their management.

In the ordinary course of business, Nomura International plc or any of its affiliates may have expressed views on expected movements in any Index and/or in any of the components and/or instruments underlying any Index and may do so in the future. These views or reports may be communicated to the clients of Nomura International plc or any of its affiliates. However, any such views are and will be subject to change from time to time without notice to you. Moreover, other professionals who deal in markets relating to any Index and/or any components and/or instruments underlying any Index may at any time have significantly different views from those of Nomura International plc or its affiliates.

In addition, Nomura International plc or any of its affiliates may, from time to time, publish research that may influence the level of any Index, or may express opinions or provide recommendations that are inconsistent with the investment views inherent in an Index. This research may be modified from time to time without notice to you.

Neither the creation, calculation or maintenance of an Index nor any view which Nomura International plc or any of its affiliates may from time to time express constitutes a recommendation as to the merits of any investment product based on any Index.

Impact of Index Pre-hedging, Hedging and Trading Activities

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