

**METORI CHINA TREND OPPORTUNITIES (ER) INDEX****BENCHMARK STATEMENT**

(a non-significant Benchmark according to EU Regulation 2016/1011)

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## 1. General Information

Initial date of publication:	December 29, 2017
Last update of the Benchmark Statement:	N/A
Full name of the Index:	METORI CHINA TREND OPPORTUNITIES (ER) INDEX
ISIN Code:	N/A
Is the Benchmark part of a family of Benchmarks?	No
Administrator:	Metori Capital Management, 9 rue de la Paix, Paris 75002, France, an Asset Management company regulated in France (agrément GP-17000002 of February 6, 2017), hereafter “Metori”
Calculation Agent:	Metori

## 2. Description of the Index

The Metori China Trend Opportunities (ER) Index (the “Index”) aims to capture the trends of a selection of futures contracts quoted on Chinese exchanges. Trend-following consists in taking long or short positions to benefit from upward or downward trends in liquid markets.

The “Trend-Following” strategy, also referred to as “cross-asset time series momentum”, is anchored on a well-known behaviour of liquid markets: an asset that has gone up (resp. down) in the recent past is more likely to go up (resp. down) in the future. Delay by market participants such as hedgers, speculators or long-term investors in adjusting their positions following price variations is often identified as a root cause of such phenomenon.

Trend-following is better implemented on a diversified portfolio of liquid instruments - futures contracts being the most adequate type of instrument. Diversification can be achieved through trading multiple futures contracts, on multiple asset classes and/or multiple regions.

The philosophy of the Index consists in implementing a research-driven, disciplined process to derive valuable information from price data (returns, volatilities, correlations) and identify the direction in which market forces are driving asset prices. The Index allocation mechanism is based on a dynamic mean-variance optimisation model. The Index is rebalanced daily.

The Index is composed of Futures Contracts quoted on exchanges in the People’s Republic of China. The Index positions applied to each Index Component can be either positive (long), negative (short) or zero (neutral).

The Trade Universe comprises the various futures contracts listed and traded on the futures exchanges of the People's Republic of China (PRC). Such futures contracts are linked to financial or commodity assets or indexes, such as, but not limited to, equity indices, bond indices, interest rates, agricultural goods, precious metals, industrial metals or chemical goods. Due to the nature of the futures markets in the PRC, the Trade Universe is mainly composed of commodity futures contracts.

As of the date of this Index Methodology, the Trade Universe is composed of futures contracts traded on the following exchanges:

- Dalian Commodity Exchange (DCE) (大连商品交易所)
- Shanghai Futures Exchange (SHFE) (上海期货交易所)
- Zhengzhou Commodity Exchange (CZE) (郑州商品交易所)
- China Financial Futures Exchange (CFFEX) (中国金融期货交易所)

The Benchmark Administrator reserves the right to add new exchanges to the Trade Universe, provided that such new exchange offers similar trading and settlement standards as the existing exchanges as of the date of this Index Methodology.

The Index is calculated net of a theoretical trading cost incurred by such trading.

A more detailed description of the index and its underlying methodology is available to existing or potential clients of Metori upon request ([info@metoricapital.com](mailto:info@metoricapital.com)).

### 3. Regulatory information

The Benchmark is non-significant benchmark according to EU Regulation 2016/1011 given:

- (a) it is not used directly or indirectly within a combination of benchmarks as a reference for financial instruments or financial contracts or for measuring the performance of investments funds having a total average value of at least EUR 50 billion on the basis of all the range of maturities or tenors of the benchmark, where applicable, over a period of six months; and
- (b) it has market-led substitutes and, in the event that the benchmark ceases to be provided or is provided on the basis of input data no longer fully representative of the underlying market or economic reality or unreliable input data, the benchmark administrator do not anticipate a significant and adverse impact on market integrity, financial stability, consumers, the real economy or the financing of households or businesses in the EU.

## 4. Input Data

<b>Description of Input Data:</b>	Settlement prices of Futures contracts traded on the four Chinese exchanges mentioned in section 2.  Under normal market circumstances, these data are deemed sufficient, appropriate and verifiable.
<b>Source of input data used:</b>	Bloomberg or Reuters.
<b>Circumstances in which the administrator would lack sufficient input data to determine the benchmark according to the methodology:</b>	<ol style="list-style-type: none"><li>1. Closing of the Chinese markets on which index components are listed</li><li>2. Lack of access to the above-mentioned markets for regulatory or legal reasons</li><li>3. Malfunction of the standard information services such as Bloomberg or Reuters</li><li>4. Prolonged absence of settlement price for one or more of the index components</li></ol> <p>In the event the quantity or quality of input data falls below the standards necessary for the methodology to determine the benchmark accurately and reliably, Metori Capital Management shall notify the Replicating Parties of the occurrence of such event and describe whether and how the benchmark is to be calculated in such circumstance.</p>
<b>Comment:</b>	The input data underlying the index are not subject to a contribution

## 5. Amendments to the Index Methodology

The Benchmark Administrator may from time to time make amendments to the Index Methodology, subject to prior consultation of, and validation by, an oversight committee. The Benchmark Administrator shall inform Index licensees of any amendment to this Index Methodology with reasonable prior notice. The notification document shall provide Index licensees with:

- the amended provision(s) and relevant revision marks,
- the reasons for making such amendment(s),
- a copy of the revised Index Methodology and
- the effective date of such revised Index Methodology.

## 6. Cessation of an Index

The Benchmark Administrator may permanently discontinue the Index upon the occurrence of the following events (each an “Index Cessation Event”):

- The occurrence of an Index Disruption Event over a period exceeding 20 Scheduled Calculation Dates;
- The occurrence of an Additional Disruption Event affecting (a) the Index Components generally or (b) a material proportion of the existing Index Components, to which the Benchmark Administrator has not found a remedy that preserves (i) the economic characteristics of the Index and (ii) the hedging conditions of the Hypothetical Replicating Party;
- The lack of commercial interest for the Index, including (but not limited to), the absence of any financial product making use of the Index as a benchmark or underlying index.

Prior to discontinuing the Index, the Benchmark Administrator shall make a careful review of potential remedies to the event(s) that gave rise to the Index Cessation Event. Upon the reasonable request of Index licensees, the Benchmark Administrator shall do its best effort to assist them in finding an alternative index to replace the discontinued Index.

Prior to discontinuing the Index, the Benchmark Administrator shall do its best effort to give a reasonable prior notice to Index Licensees.