

# GEMI Index Rules:

Version 1.06

May 1 – 2009

Gardner – Financial Solutions Provider



## Gardner Energy MacroIndex<sup>®</sup> Index Rules

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G A R D N E R

## 1

### OVERVIEW

#### The Index

The Gardner Energy MacroIndex<sup>®</sup> (the “Index”) set out in these Index Structure Rules (these “Rules”) has been introduced by Gardner Finance AG, Zug (the “Index Calculation Agent”), and consists of a variable number of Energy Funds (as defined in Section 2 below). The Index is calculated by the Index Calculation Agent based on US dollar values and has a starting value of 1,000 points on April 1, 2005. The service trademarks “Gardner Energy MacroIndex”, “MacroIndex” and “GEMI” have been registered by the Swiss Federal Institute of Intellectual Property on February 4, 2005.

#### Purpose of the Index

The purpose of the Index is to provide a macro view on the global energy markets by looking at the performance of selected Energy Funds. Objective criteria (arranged in a matrix developed by the Index Calculation Agent) are decisive in selecting the Energy Funds to be included in the Index (each such Energy Fund representing a single Index Component or a constituent in a fee based Index Component, an “Index Component”). The performance of the Index Components constitutes the basis for regular calculations of the Index value.

#### Performance Index

The Index is a “performance index” (total return index), as opposed to a “price index”. In a performance index, the total return of the given Index Component is used as calculation basis. Thus, in addition to the actual value of the respective Index Component, possible distributions and similar factors are taken into account when calculating the Index. A performance index is protected against dilution by dividend payments or similar distributions; a price index offers no such protection.

#### The Concept of Representative Presentation

The Index will only include Index Components that are representative of a careful hypothetical investment in Energy Funds to make it suitable for use as a benchmark by investors in international energy markets. Prior to their inclusion in the Index, all potential Index Components undergo a standardized analysis, which serves, *inter alia*, to achieve a high level of consistency of the Index composition through continuity of Index Components.

#### Selection of Index Components

The Index Calculation Agent is responsible for the selection and weighting of the Index Components. Index Components are selected exclusively for the purpose of calculation of the Index value.



## **Risk Profile as Key Criterion**

In principle, the pursuit of higher target returns comes hand in hand with a higher level of risk for the respective Energy Fund. The Index Components are therefore selected pursuant to their accordance with the desired risk profile of the Index.

## **Minimum of Index Components**

The minimum number of Index Components is ten (10). For the calculation of the total number of Index Components, Index Components belonging to more than one Index Sector (as defined in Section 2 below) shall be taken into account as one Index Component.

The minimum number of Index Components per Index Sector is one (1). For the calculation of the number of Index Components per Index Sector, Index Components belonging to more than one Index Sector shall be taken into account as an Index Component in each of the Index Sectors to which they belong.

## **Weighting**

The initial standard weight of each of the five Index Sectors is 20% of the total Index value within a permissible margin of +/- 3% of the total Index value to compensate for possible value fluctuations of the Index Components. The actual weight of each Index Sector as of April 1, 2005 and as of the first Banking Day (as defined in Section 3 below) of each following month shall be immediately published pursuant to Section 8 of these Rules.

After the determination of the initial standard weight of each Index Sector the subsequent monthly standard weights of each Index Sector may result to fluctuate substantially above or below the initial standard weight of each Index Sector.

The standard weight and the permissible margin of each Index Sector are subject to an annual review by the Index Calculation Agent on the first Banking Day following December 31 of each year (each such date a "Weighting Review Date"). The first Weighting Review Date shall be January 2, 2006. Any changes to the standard weight or to the permissible margin of an Index Sector shall be immediately published pursuant to Section 8 of these Rules.

The standard weight of Index Components is subject to a monthly review by the Index Calculation Agent on the first Banking Day of each month. The first monthly review date of Index Components shall be May 2<sup>nd</sup>, 2005. A change in weight of Index Components by the Index Calculation Agent will result in a standard weight change of Index Sectors.

The weight of Index Components belonging to more than one Index Sector shall be distributed equally over the Index Sectors to which they belong.



## Review of Index Composition

Index Components are constantly reviewed for suitability for the Index and may, in principle, be removed from the Index as at the end of each month, if necessary. Energy Funds that meet the Index Criteria may be generally included in the Index as at the beginning of each month.

## Base Currency

The Index value is calculated in US dollars as Base Currency. In the event that the value of an Index Component is expressed in any other currency, the respective amount shall be converted into US dollars based on the applicable US dollar exchange rate (mean) of the Federal Reserve Bank of New York at 10 a.m. New York City time, on the respective Index Valuation Date.

## Monthly Calculation of Index Value

The Index Calculation Agent is responsible for calculating the Index value. The official Index value is calculated on a monthly basis and immediately published pursuant to Section 8 of these Rules.

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### ENERGY FUNDS AS INDEX COMPONENTS

## Energy Funds investments position

Energy Funds within the meaning of these Rules are collective fee based investment instruments that are not necessarily supervised by a financial regulator, that generally accept money from investors and that invest at least 90% of their funds (cash-positions and cash-securities excluded) in one or more then one of the following five sectors (each an "Index Sector") (the "Minimum Investment Quota"):

**SECTOR 1**      Exploration & Development

**SECTOR 2**      Refining, Processing, Mining & Chemical

**SECTOR 3**      Pipeline & Transportation

**SECTOR 4**      Generation & Storage

**SECTOR 5**      Energy Trading & Utilities

The Index Calculation Agent monitors the compliance with the Minimum Investment Quota for each Index Component on a monthly basis. Should an Index Component not fulfill the Minimum Investment Quota three consecutive times, it shall be removed from the Index pursuant to Section 5.2. Section 5.2 sentence 2 shall not apply. Should the Investment Quota



of an Index Component in the five Index Sectors fall below 75% in the length of one consecutive month, such Index Component shall be immediately removed from the Index pursuant to Section 5.3. At no time should the total of the Minimum Investment Quota fall below 90% of the total Index value.

## Sector Descriptions

### *Sector 1*

Wells (oil & gas); exploration & developmental / drilling (oil & gas); exploration, developmental & directional; crude oil & natural gas / minerals acquisitions / drilling field services (geological, mineral rights, field development & leases, assessments, engineering) / services (oil, gas & equipment) / production enhancements.

### *Sector 2*

Natural gas liquids / compressor stations / refineries / liquefied natural gas (LNG) / distillate fuel oils (diesel fuel, heating oil) / mining (coal, anthracite, uranium, ignite) / milling / oxygenates (ethanol, methanol, ETBE, MTBE) / gasoline (leaded & unleaded, aviation) / benzene / alternative fuels (hydrogen, propane, biofuel, biodiesel) / lubricants / oil-based polymers.

### *Sector 3*

Pipeline (natural gas, petroleum & refined products) / distribution & transportation (gas & fuels) / shipping / terminals / infrastructures.

### *Sector 4*

Power generation / co-generation / combined cycle generation / heat & power plants / fossil fuel plants / nuclear fuel / fuel cells / underground storage / above ground storage / renewable & alternative energies (biomass, hydro, geothermal, ocean & solar thermal, solar power, wind, wave & tidal action).

### *Sector 5*

Energy market derivatives (listed & OTC) / cash securities / electric utilities / electrical distribution & transmission systems/ water utilities.

## Investment Instruments Used by Index Components

Index Components will need to use at least one of the following investment instruments to access energy market exposure:

### *Public/Private Equity*

Stocks: Micro cap, small cap, mid cap and large cap.



### *Public/Private Debt*

Senior & junior debt (secured & unsecured), collateralized debt obligations (CDOs), mezzanine debt, and bridge financings.

### *Units & Participations*

Master limited partnerships (MLPs), limited partnerships (LPs), royalty trusts (RTs), and investment trusts (ITs).

### *Investments (other)*

Direct investments, joint ventures (JVs) and swaps.

### *Physicals*

Oil & natural gas (various qualities & their derivative products)

### *Derivatives (exchange traded/OTC)*

Futures & options, swaps, electricity (KWh), pipeline & tank capacities, mineral rights & leases, royalties, surface rights, working interests, emission credits, weather contracts, and carbon contracts.

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### DEFINITIONS

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#### **Banking Day**

Each day on which the banks in London, New York and Zurich are open for business.

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#### **Investment Manager**

The legal person responsible for the management or co-management of an Energy Fund.

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#### **Manager**

The natural person(s) responsible for the management or co-management of an Energy Fund on behalf of the respective Investment Manager.

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## 4

### INDEX CRITERIA

Index Components are assessed and selected according to the minimum criteria set forth below (the "Index Criteria"), i.e. Base Data, Quantitative Analysis, Qualitative Analysis and Index Profile.

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#### **4.1 Base Data**

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##### **4.1.1 Volume**

At least 90% of the total Index value shall consist of Index Components



whose Investment Managers have at least 10 million US dollars in total assets under management (the “Minimum Assets under Management Level”). The Index Calculation Agent monitors the compliance with the Minimum Assets under Management Level for each Investment Manager on a monthly basis. If the total assets under management by an Investment Manager fall below the Minimum Assets under Management Level three consecutive times, the corresponding Index Component is to be removed from the Index pursuant to Section 5.2. Section 5.2 sentence 2 shall not apply.

#### **4.1.2 Liquidity**

Potential Index Components shall meet the following requirements:

**(a)** The Energy Fund shall be open for new investments at the time of inclusion in the Index. This requirement shall be deemed fulfilled also by Energy Funds with a soft-close policy;

**(b)** Investments in the Energy Fund shall be possible with a minimum investment value of no more than 10 million US dollars; and

**(c)** The Energy Fund shall generally allow redemption of its units at least on a quarterly basis, excluding initial lock-up periods. Energy Funds with redemption periods (*i.e.* the period between two redemption dates immediately following each other) longer than three months are permissible in principle, but may not represent more than 20% of the total Index value at any time. The Index Calculation Agent monitors the compliance with this requirement on a monthly basis.

#### **4.1.3 Notice Periods**

At any time at least two thirds of the total Index value shall consist of Index Components that have a notice period of no more than three months. The Index Calculation Agent controls the compliance with this requirement on a monthly basis. No Index Component may have a notice period of more than six months. Initial lock-up periods shall not be taken into account when determining the notice periods of potential Index Components.

#### **4.1.4 Length of Track Record**

The Investment Manager of a potential Index Component shall be able to provide a performance table, covering at least six months and showing monthly data representative of the current investment strategy.

#### **4.1.5 Index Components of the same Investment Manager**

Not more than five Energy Funds may be managed by the same Investment Manager.

#### **4.1.6 Reporting**

Potential Index Components have to report their estimated net asset value



(NAV) by no later than the 15<sup>th</sup> calendar day of the month following the reported period and their final net asset value (NAV) by no later than the 25<sup>th</sup> calendar day of the month following the reported period.

## 4.2 Quantitative Analysis

Quantitative analysis of the risk-return ratio combines an analysis of available performance results with a future-oriented evaluation of the relevant investment potential. The key figures calculated in this way are based on the historical performance of the Index Component (a minimum of 12 monthly observations is required to for an objective assessment).

### 4.2.1 Key Figures

#### Average Gain

$R_I$  = Percentage return for period I  
 $N$  = Number of months

Where  $G_I = R_I$  ( IF  $R_I > 0$  ) or 0 ( IF  $R_I < 0$  )

Where  $N_G =$  Number of periods where  $R_I > 0$

$$\text{Average Gain} = \left( \sum_{I=1}^N G_I \right) \div N_G$$

#### Annualized Standard Deviation

$R_I$  = Percentage return for period I  
 $M_R$  = Mean of return set R  
 $N$  = Number of periods

Where  $M_R = \left( \sum_{I=1}^N R_I \right) \div N$

$$\text{Standard Deviation} = \left( \sum_{I=1}^N (R_I - M_R)^2 \div (N - 1) \right)^{(1/2)}$$

Annualized Standard Deviation = (Monthly Standard Deviation  $\times 12$ )<sup>(1/2)</sup>

#### Downside Deviation

$R_I$  = Percentage return for period I  
 $R_{RF}$  = Period Risk Free Return  
 $N$  = Number of periods

Where  $L_I = R_I - R_{RF}$  ( IF  $R_I - R_{RF} < 0$  ) or 0 ( IF  $R_I - R_{RF} > 0$  )

$$\text{Downside Deviation} = \left( \sum_{I=1}^N (L_I)^2 \div N \right)^{(1/2)}$$



## Sharpe Ratio

$R_I$  = Percentage return for period I  
 $M_R$  = Mean of return set R  
 $N$  = Number of periods  
 $SD$  = Period Standard Deviation  
 $R_{RF}$  = Period Risk Free Return

$$\text{Sharpe Ratio} = (M_R - R_{RF}) \div SD$$

## Sortino Ratio

$M_R$  = Mean of return set R  
 $R_{RF}$  = Period Risk Free Return  
 $DD$  = Period Downside Deviation

$$\text{Sortino Ratio} = (M_R - R_{RF}) \div DD$$

## Skewness

$R_I$  = Percentage return for month I  
 $M_R$  = Mean of return (time period R)  
 $N$  = Number of periods  
 $SD$  = Standard deviation

$$\text{Where } A_R = \left( \sum_{I=1}^N R_I \right) \div N \quad \text{Where } SD = \left( \sum_{I=1}^N (R_I - M_R)^2 \div (N - 1) \right)^{(1/2)}$$

$$\text{Skewness} = \left( N \div ((N-1)(N-2)) \right) \sum_{I=1}^N \left( (R_I - M_R) \div SD \right)^3$$

## Kurtosis

$R_I$  = Percentage return for period I  
 $M_R$  = Mean of return (time period R)  
 $N$  = Number of periods  
 $SD$  = Standard deviation

$$\text{Where } A_R = \left( \sum_{I=1}^N R_I \right) \div N \quad \text{Where } SD = \left( \sum_{I=1}^N (R_I - M_R)^2 \div (N - 1) \right)^{(1/2)}$$

$$\text{Kurtosis} = \left\{ \left( N(N+1) \div ((N-1)(N-2)(N-3)) \right) \sum_{I=1}^N \left( (R_I - M_R) \div SD \right)^4 \right\} - \left( 3(N-1)^2 \div ((N-2)(N-3)) \right)$$



#### 4.2.2 Quantitative Assessment

Potential Index Components shall initially be evaluated separately by means of the above values. The potential Index Components shall be compared to Energy Funds from a relevant comparison group (if any) based on the corresponding values of the members of that group. Potential Index Components shall be assigned to one the following six categories.

<b>Category 1</b>	<b>Best</b>	<b>(Excellent Performer)</b>
<b>Category 2</b>	<b>Excellent</b>	<b>(Far Exceeding Median)</b>
<b>Category 3</b>	<b>Good</b>	<b>(Exceeding Median)</b>
<b>Category 4</b>	<b>Average</b>	<b>(Median)</b>
<b>Category 5</b>	<b>Substandard</b>	<b>(Below Median)</b>
<b>Category 6</b>	<b>Insufficient</b>	<b>(Far Below Median)</b>

To be considered as an Index Component, an Energy Fund has to be rated in Category 3 or above (“Minimum Rating”).

#### 4.3 Qualitative Analysis

The qualitative analysis consists of the “operational and process-oriented analysis” and “future-oriented analysis of investment behavior” of the Energy Funds.

##### 4.3.1 Operational and Process-oriented Analysis

###### (a) Personnel and Organization

The Investment Manager shall have a sufficient number of employees as well as a sufficient number of qualified staff to implement the relevant investment strategy. Moreover, the members of management are sufficiently qualified in business terms to operate the Investment Manager. These minimum standards vary according to both the relevant investment universe and the relevant investment strategy. In the context of this analysis, it is important to investigate the level of staff development in key positions (staff turnover) and to analyze whether the fund's employee remuneration philosophy is attractive enough in relation to the investment objective pursued by the Investment Manager, and to what extent knowledge of the investment strategy has spread among the employees.

###### (b) Security

The Investment Manager has to be able to ensure that confidential data can only be accessed by authorized individuals in order to perform their job functions. This relates firstly to the handling of confidential strategy and customer data within the company, and secondly, to data security in relation to third parties (custody and electronic security). Furthermore, minimum standards regarding operational stability have to be guaranteed, so that investment actions may be taken at all times and the risk of loss of important data is minimized.



### **(c) Conflicts of Interest**

The interest of the person who exercises decisive influence over the Investment Manager has to be consistent with a long-term strategy and must not conflict with those of the investors.

### **(d) Execution**

Specialist staff whose qualification for this purpose has been verified shall carry out execution. In particular, traders have to be able to demonstrate many years of experience in the relevant markets. This criterion includes also whether the Investment Manager has redundant systems, data suppliers, and communications procedures on site.

### **(e) Auditing and Administration**

At least 90% of the total Index value shall be audited at least annually by a qualified independent firm of auditors and shall also be able to show the results of such audits. The Index Calculation Agent shall verify the compliance with this requirement on a monthly basis. In addition, an independent party, *i.e.* an administrator, shall confirm each Index Component's net asset value.

### **(f) Transparency**

The transparency analysis covers the following aspects: Process (skill & internal discipline), valuation (reliable net asset value methodology), risk monitoring (strategy, sector & control of downside deviation), position (monitoring, correlation, concentration & capacity), operations (operational), fees (total expense ratio, soft commissions, fee layers), expenses (capitalizations, amortizations, expenses).

### **4.3.2 Future-oriented Analysis of Investment Behavior**

Only those Energy Funds that meet all the criteria of the operational and process-oriented analysis qualify for the future-oriented analysis of investment behavior.

The funds' investment behavior is constantly subjected to a future-oriented analysis concentrating on the implementation of the current investment strategy in a consistent and risk-conscious manner, and the suitability of the investment strategy for the required risk-return ratio in a medium-term market environment.

### **(a) Liquidity Risk**

The portfolio of traded financial instruments has to be sufficiently liquid to prevent the Investment Manager from attaining a market-dominant position and to maintain the ability to liquidate its position, if need be, with appropriate transaction costs and within a reasonable timeframe.



## (b) Research and Access of Information

The Investment Manager of an Energy Fund has to be able to demonstrate that it has at its disposal relevant real-time market and financial information as well as a sufficient number of other information sources, as well as the resources required to evaluate them.

## (c) Flexibility and Behavior in Loss Situations

The Investment Manager has to be able to show that it has the required flexibility to appropriately react to potential stress situations in the relevant markets. This ability may be assessed by analyzing the manner in which past crisis situations were dealt with.

### 4.3.3 Qualitative Assessment

Potential Index Components shall be assessed based on the above criteria and shall initially be evaluated separately. Potential Index Components shall be compared to Energy Funds from a relevant comparison group (if any) based on the corresponding assessments of the members of that group. Potential Index Components shall be assigned to one the following six categories.

<b>Category 1</b>	<b>Best</b>	<b>(Excellent Performer)</b>
<b>Category 2</b>	<b>Excellent</b>	<b>(Far Exceeding Median)</b>
<b>Category 3</b>	<b>Good</b>	<b>(Exceeding Median)</b>
<b>Category 4</b>	<b>Average</b>	<b>(Median)</b>
<b>Category 5</b>	<b>Substandard</b>	<b>(Below Median)</b>
<b>Category 6</b>	<b>Insufficient</b>	<b>(Far Below Median)</b>

To be considered as an Index Component, an Energy Fund has to reach a Minimum Rating of Category 3 or above.

## 4.4 Index Profile

Suitability of an Energy Fund for inclusion in the Index is assessed on the basis of both strategy-inherent risk and market-inherent risk. These risks are each subdivided into three categories:

<b>Category 1</b>	<b>Low Risk</b>
<b>Category 2</b>	<b>Medium Risk</b>
<b>Category 3</b>	<b>High Risk</b>

### 4.4.1 Strategy-inherent Risk

Strategy-inherent risk is the level of risk that the Investment Manager of an Energy Fund is prepared to assume by choosing a certain strategy. For each given Energy Fund, this risk level is inferred from a future-oriented analysis of investment behavior. The factors taken into account are the future-oriented, average and maximum leverage of the Energy Fund under consideration, the liquidity of individual financial instruments within the Energy Fund's portfolio, as well as the risk tolerance of the Energy Fund's



Investment Manager. At least 90% of the total Index value shall consist of Index Components falling into strategy-inherent risk categories 1 or 2. The Index Calculation Agent monitors the compliance with this requirement on a monthly basis. In the event that the Index Composition deviates from the risk profile criteria, the Index Calculation Agent has to make the corresponding Index Composition adjustments pursuant to Section 5.1.

#### 4.4.2 Market-inherent Risk

For each Energy Fund, market-inherent risk is inferred from a future-oriented analysis of investment behavior. This type of risk requires a future-oriented analysis of the market environment in the light of the investment behavior of a given Energy Fund. The volatility of the markets within the investment universe of an Energy Fund, the structure of the market participants within those markets, the correlation between these markets as well as possible developmental scenarios in those markets are analyzed and assessed using a future-oriented approach. At least 90% of the total Index value shall consist of Index Components falling into market-inherent risk categories 1 or 2. The Index Calculation Agent monitors the compliance with this requirement on a monthly basis. In the event that the Index Composition deviates from of the risk profile criteria, the Index Calculation Agent has to make the corresponding Index Composition adjustments pursuant to Section 5.1.

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## 5

### ADJUSTMENTS TO THE INDEX COMPOSITION

#### 5.1 Index Adjustments

The composition of the Index and the weighting of Index Components may be adjusted at the end of each month (each such date an “Index Adjustment Date”). Energy Funds that comply with all Index Criteria may be included as Index Components effective each Index Adjustment Date. Even though a potential Index Component meets the Index Criteria on an Index Adjustment Date, it may not be included as an Index Component if it is likely that it will no longer meet the Index Criteria during the following twelve months.

#### 5.2 Regular Removal of Index Components

An Index Component has to be removed from the Index on an Index Adjustment Date if it no longer complies with all Minimum Ratings (Section 4.3 above) or with the Index Profile (Section 4.4 above) on that date. This will, however, not be required if it can be reasonably assumed that the Minimum Ratings will be reached or the Index Profile will be complied with again on the immediately following Index Adjustment Date. Index Components that fail to meet two consecutive Minimum Ratings have to be removed from the Index.



### 5.3 Immediate Removal of Index Components

An Index Component may be removed immediately from the Index if at least one of the following or similar events occurs in relation to the Index Component, its Manager or Investment Manager, or other Energy Funds administered by the same Investment Manager: non-compliance with the base data requirements, liquidation, bankruptcy, and criminal or administrative proceedings. In each of the aforementioned events such Index Component has to be removed from the Index on the immediately following Index Adjustment Date at the latest.

### 5.4 Notice Period and Redemption Period

The value of an Index Component that is removed from the Index shall be taken into account for the calculation of the Index value for as long as it would take for a hypothetical investment in the respective Index Component to be redeemed. If such redemption would, based on the constitutive documents of the Index Component, be made in several payments, the value of the respective Index Component shall be adjusted for the calculation of the Index value based on the hypothetical amounts of such partial redemptions and the hypothetical dates at which such partial redemptions would be made. An Index Component has to be removed completely from the Index if a hypothetical investment in the respective Index Component would have been fully redeemed.

### 5.5 Inclusion of New Index Components

(a) Should an Index Component be removed from the Index for any reason, another Energy Fund which meets all Index Criteria may be immediately included in the Index.

(b) If such a removal would cause the number of Index Components to fall below the applicable minimum number of Index Components, a requisite number of Energy Funds which meet all Index Criteria shall be included immediately so as to restore the applicable minimum number of Index Components.

(c) If the number of Index Components per Index Sector falls below the applicable minimum number of Index Components, a requisite number of Energy Funds which meet all Index Criteria shall be included immediately in order to restore the applicable minimum number of Index Components per Index Sector.

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## 6

### INDEX CALCULATION

#### 6.1 Initial Composition and Initial Index Value

The Index Calculation Agent shall determine the initial Index Components in accordance with the criteria set out above and shall introduce the Index on April 1, 2005 with an initial Index value of 1,000 points.



## 6.2. Index Valuation

### (a) Official Valuation

Effective as of the last calendar day of each month (each such day an “Index Valuation Date”), the Index Calculation Agent calculates the Index’s official closing value. This calculation is based on the net asset value of the Index Components, as confirmed to the Index Calculation Agent by the respective Index Component’s administrator (each such valuation an “Official Valuation”). The first Index Valuation Date is April 29, 2005.

### (b) Official Closing Value

No later than on the last Banking Day of the month immediately following each Index Valuation Date (each such day an “Index Calculation Date”), the Index Calculation Agent shall calculate the official closing value of the Index in relation to the immediately preceding Index Valuation Date, pursuant to the formula set out in Section 6.3 below (each such value an “Official Closing Value”). The first Index Calculation Date shall be no later than May 31, 2005.

## 6.3 Index Calculation and Adjustment Factor

The Index Calculation Agent will use the following formula to calculate the Official Closing Value:

$$\text{INDEX}_t = \sum_{ti} (W_{ti} \times P_{ti}) \times (A_{ti} - F)$$

Where:

$\text{INDEX}_t$  is the Index at time  $t$ .

The value of the Index at time  $t = 0$  is 1,000.

$W_{ti}$  is the number of units of an Index Component in the Index at time  $t$ .

$P_{ti}$  is the Official Valuation of each Index Component at time  $t > 0$ .

$A_{ti}$  is the adjustment factor, which is determined at the reasonable discretion of the Index Calculation Agent at time  $t$  with reference to adjustments during the lifetime of the Index which may become necessary due to the following and similar events:

- 1) Use of equalization methods in Index Components;
- 2) Delays in or refusals of subscriptions or repayments of Index Components contained in the Index;
- 3) Issuance or cancellation charges for Index Components;
- 4) Value-effective consolidation or reclassification of Index



Components;

5) Subsequent adjustment to the reported value of an Index Component;

6) Recalls or redemptions of Index Components; or

7) Payment of dividends or other distributions having an influence on the value of an Index Component.

F is one twelfth of the index fee of 0.008.

i is representing an individual Index Component

#### 6.4 Data Not Available for Index Valuation and Index Calculation

The Index Calculation Agent may perform the index calculation at a later date if there is no Official Valuation available for at least one Index Component. In this case, the Index Calculation Date will be deemed to be the next Banking day on which the Index Calculation Agent has the information required to calculate the Official Closing Value of the Index with respect to the relevant Index Calculation Date. If the required information is not available to the Index Calculation Agent permanently, it may determine at its reasonable discretion the value of the Index Component on the basis of data available after careful research. The value so determined is deemed to be the Official Valuation and shall serve as the basis for all further calculations made by the Index Calculation Agent. The above procedure is also used if the Index Components cannot be redeemed at the relevant time against cash consideration or other assets.

## 7

### CHANGES TO THE INDEX

#### 7.1 Market Disruptions

In the event of a sustained market disruption that in the view of the Index Calculation Agent has a significant impact on the required minimum values underlying the quantitative criteria (e.g., if there are significant deviations of the current hypothetical Energy Fund returns compared to past hypothetical returns), the Index Calculation Agent may at its reasonable discretion update the Index or the Index formula (as defined in Section 6.3 above) in order to take into account the prevailing market conditions.

#### 7.2. Other Changes

If necessary, the Index Calculation Agent may at its reasonable discretion amend these Index Rules in order to ensure achievement of the objective of the Index as defined in Section 1 of these Rules or to address any errors, omissions or ambiguities. Such amendments may include changes to the eligibility requirements or the rules with respect to the composition, calculation and weighting of the Index.



## 7.3 Publications

Changes made in accordance with this Section 7 shall be published immediately in accordance with Section 8 below.

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### 8

#### NOTICES

Notices are published on the website <http://energy.macroindex.com>.

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### 9

#### LIABILITY AND APPLICABLE LAW

These Rules shall be applied by the Index Calculation Agent at its reasonable discretion and in accordance with the information available. Notwithstanding that these Rules have been diligently formulated to be as comprehensive as practicable, it cannot be excluded that there will be interpretation questions in individual cases. It is the Index Calculation Agent's responsibility to resolve such matters of interpretation, in particular regarding ambiguities in these Rules (and, as noted in Section 7.2 above, this may necessitate an amendment to these Rules).

The Index Calculation Agent (which term includes for this purpose the officers, employees and delegates of the Index Calculation Agent) shall not be under any liability to any third party in connection with the Index for conceded or non-conceded actions, decisions or a particular selection, chosen or omitted. In particular, the Index Calculation Agent shall not be liable for any loss suffered by any third party as a result of any determination or calculation in relation to the construction or the calculation of the Index. Once made, the Index Calculation Agent shall be under no obligation, for any reason whatsoever, to revise any determination or calculation made by it.

These Rules have been prepared solely for information purposes. The methodology contained in these Rules is not an offer to buy or sell any securities nor does it constitute any advice to adopt any investment strategy. These Rules may change at any time without any prior notice.

The Index Calculation Agent and its affiliates make no express or implied warranties or representations with respect to the information contained in these Rules or results that are obtained by the use of such information. The Index Calculation Agent and its affiliates hereby disclaim all warranties of accuracy, completeness, merchantability, or suitability for a particular purpose with respect to any of this information. The Index Calculation Agent and its affiliates shall have no liability for direct or indirect, special, punitive or consequential or any other damages including lost profits even if notified of the possibility of such damages.



# GEMI Index Rules:

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Gardner – Financial Solutions Provider

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