

HFR Index Administration, LLC

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Benchmark Statement for HFRI Indices

This benchmark statement (this “Statement”) is provided by HFR Index Administration, LLC (“HFRIA” and, with its affiliates, “HFR”) as the administrator of the HFRI Indices (collectively, the “Indices” and each, an “Index”) and is intended to meet the requirements of the European Union’s regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, herein the “EU BMR”), including the regulatory technical standards (“RTS”) promulgated thereunder, as and to the extent the EU BMR and related RTS were “on-shored” in the UK from 1 January 2021 (the “BMR”)

This Benchmark Statement refers to the following HFRI Indices:

Monthly Indices

HFRI Indices
HFRI 500 Indices
HFRI FoF (S) Indices
HFRI Institutional Indices
HFRX Indices (Monthly)
HFR Risk Parity Indices
HFR Blockchain Indices

Daily Indices

HFRU Indices
HFRI-I Indices
HFR Bank Systematic Risk Premia Indices
HFR Asset Manager Risk Premia Indices
HFRX Indices (Daily)

Details for the Indices above can be found on our website: <https://www.hfr.com/indices>

Requirement / Regulatory Reference	Benchmark of Family Information
1. General disclosure requirements The benchmark statement shall state:	

(a) the date of publication of the statement and, where applicable, the date of its last update

Date of Publication:

Monthly Indices

HFRI Indices - 1990
 HFRI 500 Indices - 2005
 HFRI FoF (S) Indices - 2005
 HFRI Institutional Indices - 2008
 HFRX Indices (Monthly) - 1998
 HFR Risk Parity Indices - 2003
 HFR Blockchain Indices - 2015

Daily Indices

HFRU Indices - 2008
 HFRI-I Indices - 2008
 HFR Bank Systematic Risk Premia Indices - 2006
 HFR Asset Manager Risk Premia Indices - 2017
 HFRX Indices (Daily) - 1998

Date of Last Update:

The monthly Indices are twice published as estimates and then finalized when publishing the third iteration of performance. The indices are updated according to the schedule set forth below:

MONTHLY HFRI HEDGE FUND INDICES	PUBLICATION SCHEDULE	DETAILS
HFRI Hedge Fund Indices Update Schedule	Flash Estimate	5th US business day of the month
	Mid-Estimate	15th of month or nearest US business day thereafter
	Final	Third to last US business day of the month

Details of the exact publication dates for the monthly Indices can be found here:

https://www.hfr.com/hfr_monthly_indices_update_schedule.htm

The daily Indices are published on a T+1 basis.

<p>(b) where available, the international securities identification number (ISIN) of the benchmark or benchmarks; alternatively, for a family of benchmarks, the statement may provide details of where the ISINs are publicly accessible free of charge;</p> <p>(c) whether the benchmark, or any benchmark in the family of benchmarks, is determined using contributions of input data;</p> <p>(d) whether the benchmark or any benchmark in the family of benchmarks qualifies as one of the types of benchmarks listed under Title III of Regulation (EU) 2016/1011, including the specific provision by virtue of which the benchmark qualifies as that type.</p> <p>[RTS 1(1)]</p>	<p>HFR does not assign ISINs to all of the Indices.</p> <p>Users should be aware that ISINs may have been obtained on the Indices by third parties and, in doing so, such third parties may have supplied inaccurate or incomplete information with regard to the underlying Index or may have obtained multiple ISINs for the same Index. Users should contact HFR if they have questions regarding the proper identification of its Indices.</p> <p>HFR does assign a unique Financial Instrument Global Identifier (“FIGI”) to its Indices. FIGIs may be found at https://openfigi.com/ by searching for the relevant Index within the family.</p> <p>The Indices utilize input data from the HFR Database and other sources such as Bloomberg terminals to calculate fund performance.</p> <p>None of the Indices are ‘regulated-data benchmarks’, ‘interest rate benchmarks’ or ‘commodity benchmarks’ as those terms are defined in the BMR. In addition, none of the Indices are ‘critical benchmarks’ or ‘significant benchmarks’ as those terms are defined in the BMR. All of the Indices would be deemed ‘non-significant’.</p>
<p>2. The benchmark statement shall clearly and unambiguously</p>	<p>Monthly Indices:</p>

<p>define the market or economic reality measured by the benchmark and the circumstances in which such measurement may become unreliable.</p> <p>[BMR 27(1)(a)] In defining the market or economic reality, the benchmark statement shall include at least the following information:</p> <p>(a) a general description of the market or economic reality.</p> <p>(b) the geographical boundaries, if any, of the market or economic reality;</p> <p>(b) any other information that the administrator reasonably considers to be relevant or useful to help users or potential users of the benchmark to understand the relevant features of the market or economic reality, including at least the following elements insofar as reliable data on these elements is available:</p> <p>(i) information on actual or potential participants in the market;</p>	<p>HFRI Indices: The HFRI® Indices are broadly constructed indices designed to capture the breadth of hedge fund performance trends across all strategies and regions.</p> <p>HFRI 500 Indices: The HFRI 500 Hedge Fund Indices consist of up to 500 funds that satisfy the eligibility criteria. The Indices are equal-weighted at rebalance time, which is performed on a quarterly basis. Funds are classified into 4 main strategies and over 20 sub-strategies following the hedge fund strategy classification of HFR.</p> <p>HFRI FoF (S) Indices: HFRI FOF (Synthetic) Indices are comprised of funds that are constituents of the HFRI 500 Index and are designed to synthetically (S) represent the performance of Low, Mid or High volatility fund of funds.</p> <p>HFRI Institutional Indices: HFRI Institutional Indices consist of the largest funds that report performance to HFR, manage in excess of USD \$500 Million AUM and are open to new investment.</p> <p>HFRX Indices (Monthly): HFRX Hedge Fund Indices are the global industry standard for performance measurement across all aspects of the hedge fund industry. Indices are constructed using robust filtering, monitoring and quantitative constituent selection process</p> <p>HFR Risk Parity Indices: The HFR Risk Parity Indices™ are a series of benchmarks designed to reflect the performance of the universe of managers that employ a portfolio allocation strategy based on targeting risk levels across the various components of an investment portfolio.</p> <p>HFR Blockchain Indices: The HFR Blockchain Indices are a series of benchmarks designed to reflect the performance of fund managers investing in blockchain digital currency and distributed ledger technologies.</p> <p>Daily Indices:</p> <p>HFRU Indices: The HFRU® Indices are performance benchmarks comprised of alternative investment strategies compliant with established UCITS guidelines.</p> <p>HFRI-I Indices: The HFRI-I Liquid Alternative UCITS Indices are performance benchmarks comprised of liquid alternative investment strategies compliant with established UCITS guidelines.</p> <p>HFR Bank Systematic Risk Premia Indices:</p>
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<p>(ii) an indication of the size of the market or economic reality.</p> <p>[RTS 1(2)]</p>	<p>The HFR Bank Systematic Risk Premia Indices are designed to reflect the performance of the universe of investible risk premia strategies. The indices encompass multiple risk premia styles across six asset classes, comprising over one thousand individual component strategies.</p> <p>HFR Asset Manager Risk Premia Indices: The HFR Asset Manager Risk Premia Index is designed to represent the performance of the universe of managers offering risk premia investment products. The index encompasses multiple risk premia styles across multiple asset classes. HFR utilizes a UCITS compliant methodology to construct the indices and the methodology is based on defined and predetermined rules and objective criteria to combine and rebalance components that represent various asset class and style strategies.</p> <p>HFRX Indices (Daily): HFRX Hedge Fund Indices are the global industry standard for performance measurement across all aspects of the hedge fund industry. Indices are constructed using robust filtering, monitoring and quantitative constituent selection process</p> <p>HFR’s website provides a summary of each of the Monthly and Daily Indices above, including construction methodology, eligibility criteria and other pertinent information. This summary can be found here: https://www.hfr.com/compare-hfr-index-types</p>
<p>(3) In defining the potential limitations of the benchmark and the circumstances in which the measurement of the market or economic reality may become unreliable, the benchmark statement shall include at least:</p> <p>(a) a description of the circumstances in which the administrator would lack sufficient input data to determine the benchmark in accordance with the methodology;</p> <p>(b) where relevant, a description of instances when the accuracy and</p>	<p>Benchmark Limitations:</p> <p>Though the Indices are designed to be representative of the markets they measure or otherwise align with their stated objective, they may not be representative in every case or achieve their stated objective in all instances. They are designed and calculated strictly to follow the rules of the methodology, and any index level or other output is limited in its usefulness to such design and calculation.</p> <p>Markets can be volatile, including those market interests which the Indices intend to measure or upon which the Indices are dependent in order to achieve their stated objective. For example, illiquidity can have an impact on the quality or amount of data available to HFR for calculation and may cause the Indices to produce unpredictable or unanticipated results.</p> <p>In addition, market trends and changes to market structure may render the objective of the Indices unachievable or to become impractical to replicate by investors.</p>

<p>reliability of the methodology used for determining the benchmark can no longer be ensured, such as when the administrator deems the liquidity in the underlying market as insufficient;</p> <p>(c) any other information that the administrator reasonably considers to be relevant or useful to help users and potential users to understand the circumstances in which the measurement of the market or economic reality may become unreliable, including a description of what might constitute an exceptional market event.</p> <p>[RTS 1(3)]</p>	<p>In particular, the Indices measure the performance of hedge funds. As with all investing, the Indices are exposed to market risk. The value of markets fluctuate with the changes in economic forecasts, interest rate policies established by central banks and perceived geopolitical risk. The Indices do not take into account the cost of replication and as a result a tracking portfolio's returns will underperform the Index with all else equal. As the Indices are designed to measure those markets, its Indices could be materially impacted by market movements, thus significantly impacting the use or usefulness of the index values or levels for some or all users.</p> <p>In addition, certain sub-Indices may be designed to measure smaller subsets of the Indices such as specific styles, size, and sector.</p> <p>Some of these sub-Indices have very few qualifying constituents and may have none for a period of time. During such period, the sub-Index will continue to be published at its last value, effectively reporting a 0% return, until new constituents qualify. If no constituents are expected to qualify (due to changes in market structure and other factors), the sub-Index may be discontinued. In such an event, this discontinuation will be announced to index users.</p> <p>Other than as set forth in the methodology, there are no minimum liquidity requirements for index constituents and/or minimum requirements or standards for the quantity or quality of the input data.</p>
<p>(4) The benchmark statement shall lay down technical specifications that clearly and unambiguously identify the elements of the calculation of the benchmark in relation to which discretion may be exercised, the criteria applicable to the exercise of such discretion and the position of the persons that can exercise discretion, and how such discretion may be subsequently evaluated.</p> <p>[BMR 27(1)(b)]</p> <p>In specifying the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors</p>	<p>The Indices are rules-based (methodology available here: https://www.hfr.com/indices), and their construction is designed to consistently produce values without the exercise of expert judgment or discretion. Nevertheless, HFR may use expert judgment or discretion with regards to the following:</p> <ul style="list-style-type: none"> • Index restatements • Extraordinary circumstances during a market emergency • Data interruptions, issues, and closures <p>When expert judgment or discretion is required, HFR undertakes to be consistent in its application, with recourse to written procedures outlined in the methodology of the Indices and internal procedures manuals. In certain circumstances exercises of expert judgment or discretion are reviewed by senior members of BISL management and Bloomberg Compliance teams, and are reported to the Product, Risk & Oversight Committee (PROC), HFR's governance committee, which operates under the supervision of BISL's oversight function, the Benchmark Oversight</p>

<p>in calculating the benchmark or benchmarks, the benchmark statement shall include an outline of each step of the process for any ex post evaluation of the use of discretion, together with a clear indication of the position of any person(s) responsible for carrying out the evaluations. [RTS 1(4)]</p>	<p>Committee (BOC). HFR also maintains and enforces a code of ethics to prevent conflicts of interest from inappropriately influencing index construction, production, and distribution, including the use of expert judgment or discretion.</p>
<p>(5) A benchmark statement shall contain at least the rationale for adopting the benchmark methodology and procedures for the review and approval of the methodology. [BMR27(2)(b)] In specifying the procedures for review of the methodology, the benchmark statement shall at least outline the procedures for public consultation on any material changes to the methodology. [RTS 1(5)]</p>	<p>HFR's Index administration is also subject to HFR's Compliance function which periodically reviews various aspects of its businesses in order to determine whether it is adhering to applicable policies and procedures, and assess whether applicable controls are functioning properly.</p> <p>Material changes related to the Indices will be made available in advance to affected stakeholders whose input will be solicited. The stakeholder engagement will set forth the rationale for any proposed changes as well as the timeframe and process for responses. HFR will endeavor to provide at least two weeks for review prior to any material change going into effect. In the event of exigent market circumstances, this period may be shorter. Subject to requests for confidentiality, stakeholder feedback and the Index Administrator's responses will be made accessible upon request.</p> <p>In determining whether a change to an Index is material, the following factors shall be taken into account:</p> <ul style="list-style-type: none"> • The economic and financial impact of the change; • whether the change affects the original purpose of the Index; and/or • whether the change is consistent with the overall objective of the Index and the underlying market interest it seeks to measure. <p>In addition to material changes, HFR may from time to time terminate one or more Indices ("Discontinued Indices"), whether due to changes in market structure, a lack of requisite data, insufficient usage, or for other regulatory or practical concerns. The process for terminating such Discontinued Indices is as follows:</p> <p>The PROC will review proposed terminations, taking into account the reasons for termination, the impact on users (if any), the availability of alternative products and other such factors. If</p>

	<p>termination is approved, users will be provided as much prior notice as is reasonable under the circumstances, typically 90 days. In the event there is little or no known usage identified, the Discontinued Indices may be terminated with less (or no) notice, as applicable. In the event the Discontinued Indices are licensed for use as the basis of an ETF or other widely-available financial product or is otherwise determined by HFR to be an important benchmark without reasonable substitutes, the notice period may be extended, as warranted. Any advance notice period is subject to BISL being reasonably able to continue administering and calculating such benchmark during such period (for example, HFR has access to requisite data on commercially reasonable terms, is not subject to any litigation or other claims, has adequate internal resources and capabilities, etc.). Terminations and associated user engagement decisions made by the PROC are subject to review by HFR's oversight function, the BOC.</p>
<p>(6) The benchmark statement shall provide notice of the possibility that factors, including external factors beyond the control of the administrator, may necessitate changes to, or the cessation of the benchmark.</p> <p>[BMR 27(1)(c)]</p>	<p>Users should be aware that factors, including external factors beyond the control of HFR, may necessitate changes to, or the cessation of the Indices or components thereof. For example, markets measured by the Indices may undergo structural changes which may affect the liquidity of underlying constituents of the Indices. In addition, regulatory changes can adversely impact the effectiveness of methodology design.</p>
<p>(7) The benchmark statement shall advise users that changes to, or the cessation of, the benchmark may have an impact upon the financial contracts and financial instruments that reference the benchmark or the measurement of the performance of investment funds.</p> <p>[BMR 27(1)(d)]</p>	<p>If financial product issuers or investment managers choose to use one of the Indices as the basis of an index-linked financial product or an investment fund, they should consider the possibility that factors, including external factors, may necessitate changes to, or the cessation of the Indices or components thereof, including the potential need to terminate or modify the terms of a financial product resulting from the termination of the calculation of one or more of the Indices.</p>
<p>(8) A benchmark statement shall contain at least the definitions for all key terms relating to the benchmark.</p> <p>[BMR 27(2)(a)]</p>	<p>All key terms and other relevant information are set forth in the methodology for the Indices available here: https://www.hfr.com/indices</p>
<p>(9) The administrator shall review and, where necessary, update the benchmark statement for each benchmark or family of benchmarks in the</p>	<p>HFR shall review this Statement on a periodic basis, at least once every two years, or as otherwise warranted in the event of any material changes to the information provided herein.</p>

<p>event of any changes to the information to be provided under this Article and at least every two years.</p> <p>[BMR 27(1)]</p> <p>In addition to the cases referred to in the third subparagraph of Article 27(1) of Regulation (EU) 2016/1011, an update of the benchmark statement shall be required whenever the information contained in the statement ceases to be correct or sufficiently precise, and including in any event in the following cases:</p> <p>(a) whenever there is a change in the type of the benchmark;</p> <p>(b) whenever there is a material change in the methodology used for determining the benchmark or, if the benchmark statement is for a family of benchmarks, in the methodology used for determining any benchmark within the family of benchmarks.</p> <p>[RTS 6]</p>	
<p>(10) A benchmark statement shall contain at least the criteria and procedures used to determine the benchmark, including a description of the input data, the priority given to different types of input data, the minimum data needed to determine a benchmark, the use of any models or methods of extrapolation and any procedure for rebalancing the constituents of a benchmark's index.</p> <p>[BMR 27(2)(c)]</p>	<p>HFR Indices are adapted from a universe of alternative investments (hedge funds, risk premia funds, blockchain funds, etc).</p> <p>Details on Index constituent selection, rebalancing and pricing are provided in each Index's methodology, which can be found here: https://www.hfr.com/indices</p> <p>Constituent Selection: Each Index has a selection process for including constituents per the Index methodology.</p> <p>Rebalancing: Each Index is rebalanced according to each Index's methodology.</p>

	<p>Pricing: Each Index is priced utilizing the HFR database, Bloomberg and other third-party providers of data. For greater detail regarding the criteria and procedures used to determine the Indices, please refer to the publicly-available methodology for the Indices available here.</p>
<p>(11) A benchmark statement shall contain at least the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors, to ensure consistency in the use of such judgement or discretion. [BMR27(2)(d)] For the purpose of providing information on the controls and rules that govern any exercise of judgment or discretion in the calculation of the benchmark or of the family of benchmarks, the benchmark statement shall at least: (a) indicate the position of each function or body who may exercise discretion; (b) outline each step of the ex-post evaluation process for the use of discretion. [RTS 27(1)(4)]</p>	<p>See row (4) above.</p>
<p>(12) A benchmark statement shall contain at least the procedures which govern the determination of the benchmark in periods of stress or periods where transaction data sources may be insufficient, inaccurate or unreliable and the potential limitations of the benchmark in such periods. [BMR 27(2)(e)]</p>	<p>See “Benchmark Limitations” in row (3) above.</p>
<p>(13) A benchmark statement shall contain at least the procedures for dealing with errors in input data or in the determination of the benchmark, including when a re-determination of the benchmark is required. [BMR 27(2)(f)]</p>	<p>To the extent a material error in Index values is uncovered following its publication and dissemination, a notification will be sent to Index clients alerting them of such error and the expected date of a revised publication, if warranted. BISL considers the following factors to determine whether to restate. Not all conditions need to be present to warrant a restatement, and certain factors may be more determinative than others depending on the circumstances of the given error.</p>

	<ul style="list-style-type: none"> • The relative importance of the data field impacted by the error; • When the error occurred and when it was discovered; • The number of Indices and sub-Indices affected; • Whether the impacted Indices are linked to tradable products; • The magnitude of the error; • The burden of restatement on client re-processing relative to the impact of the error; and • The impact of the restatement on analytical tools. <p>Further information regarding the handling of errors can be found in the methodology here: https://www.hfr.com/indices</p>
<p>(14) A benchmark statement shall contain at least the identification of potential limitations of the benchmark, including its operation in illiquid or fragmented markets and the possible concentration of inputs. [BMR 27(2)(g)]</p>	<p>See “Benchmark Limitations” in row (3) above.</p>
<p>(15) Specific disclosure requirements for regulated data benchmarks. In addition to the information to be included pursuant to Article 1, for a regulated-data benchmark or, where applicable, family of regulated-data benchmarks, the benchmark statement shall state at least the following in its description of the input data: (a) the sources of the input data used; (b) for each source, the relevant type, as listed in Article 3(1)(24) of Regulation (EU) 2016/1011. [RTS 2]</p>	<p>Not applicable.</p>
<p>(16) Specific disclosure requirements for interest rate benchmarks 1. In addition to the information to be included pursuant to Article 1, for an interest rate benchmark or, where applicable, family of interest rate benchmarks, the benchmark</p>	<p>Not applicable.</p>

<p>statement shall include at least the following information:</p> <p>(a) a reference alerting users to the additional regulatory regime applicable to interest rate benchmarks under Annex I to Regulation (EU) 2016/1011;</p> <p>(b) a description of the arrangements that have been put in place to comply with that Annex.</p> <p>[RTS 3]</p>	
<p>(17) Specific disclosure requirements for commodity benchmarks</p> <p>In addition to the information to be included pursuant to Article 1, for a commodity benchmark or, where applicable, family of commodity benchmarks, the benchmark statement shall at least:</p> <p>(a) indicate whether the requirements of Title II of, or Annex II to, Regulation (EU) 2016/1011 apply to the benchmark, or family of benchmarks as prescribed by Article 19 of that Regulation;</p> <p>(b) include an explanation as to why Title II of or, as the case may be, Annex II to that Regulation applies;</p> <p>(c) include in the definitions of key terms a concise description of the criteria that define the relevant underlying physical commodity;</p> <p>(d) where applicable, indicate where the explanations are published that the administrator is required to publish under paragraph 7 of Annex II to that Regulation.</p> <p>[RTS 4]</p>	<p>Not applicable.</p>
<p>(18) Specific disclosure requirements for critical benchmarks</p>	<p>Not applicable.</p>

<p>In addition to the information to be included pursuant to Article 1, for a critical benchmark, or, where applicable, a family of benchmarks that contains at least one critical benchmark, the benchmark statement shall include at least the following information:</p> <ul style="list-style-type: none">(a) a reference alerting users to the enhanced regulatory regime applicable to critical benchmarks under Regulation (EU) 2016/1011;(b) a statement indicating how users will be informed of any delay in the publication of the benchmark or of any re-determination of the benchmark, and indicating the (expected) duration of measures. <p>[RTS 5]</p>	
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