

March 19, 2014

## ENGLISH TRANSLATION FOR INFORMATIONAL PURPOSES ONLY

This document is not a certified translation or a definitive document. It has not been filed with or approved by any regulatory agency of Colombia or any other country and it should not be relied upon for the purposes of making an investment decision about any securities referred to herein.

Please refer to the original Spanish version of the *reglamento* filed with the “Superintendencia Financiera de Colombia”.

### RULES OF FONDO BURSÁTIL GLOBAL X COLOMBIA SELECT DE S&P

These Rules are a mandatory requirement for Investors’ access to Fondo Bursátil Global X Colombia Select de S&P (the “Fund”) and they establish the principles, standards and guidelines that will govern the relationship between the agents involved in its development, specifically FIDUCIARIA BOGOTA S.A. in its capacity of management company of the Fund (the “Management Company”), the Portfolio Manager, the Authorized Participants and Investors in accordance with the terms and conditions set forth in these Rules, as well as their rights and obligations.

Pursuant to the foregoing, the Fund shall be governed by the stipulations, primarily by the provisions of these Rules, to the extent that they do not contravene the laws of the Republic, and where not expressly provided therein it shall be governed by Decree 2555 of 2010 (“Decree 2555”) and any other regulations that may amend, supplement or add to it.

Investors and the general public may access these Rules through the Management Company’s website (<http://www.fidubogota.com>).

It should be further noted that a printed version of these Rules is available to Investors and the general public at all the offices of the Management Company and at the offices of the Authorized Participants.



**Management Company**



**Portfolio Manager**



**Legal Advisors**

The obligations of the fund’s management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers (“RNVE” after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Columbian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

## DISCLAIMER

THE OBLIGATIONS OF THE FUND'S MANAGEMENT COMPANY ASSOCIATED WITH THE MANAGING OF THE PORTFOLIO ARE ONES OF DUE DILIGENCE AND NOT OF GUARANTEED PERFORMANCE, RESPONSIBLE FOR ORDINARY NEGLIGENCE IN THE PERFORMANCE OF ITS MANAGEMENT AS A PRUDENT AND DILIGENT EXPERT. INVESTMENT IN THE FUND IS SUBJECT TO INVESTMENT RISKS ARISING FROM THE EVOLUTION OF THE PRICES OF THE SECURITIES THAT MAKE UP THE FUND. REGISTRATION IN THE NATIONAL REGISTRY OF SECURITIES AND ISSUERS ("RNVE" AFTER ITS INITIALS IN SPANISH) DOES NOT IMPLY CERTIFICATION REGARDING THE PROFITABILITY OF THE SECURITY OR SOLVENCY OF THE ISSUER BY THE COLUMBIAN FINANCIAL SUPERINTENDENCY.

THE LIABILITY OF THE PORTFOLIO MANAGER IN RESPECT OF THE MANAGEMENT OF THE PORTFOLIO OF FONDO BURSÁTIL GLOBAL X COLOMBIA SELECTDE S&P IS OF DUE DILIGENCE AND NOT OF GUARANTEED PERFORMANCE, RESPONSIBLE ONLY FOR ORDINARY NEGLIGENCE IN THE PERFORMANCE OF ITS MANAGEMENT AS A PRUDENT AND DILIGENT EXPERT.

THE INVESTMENT MADE BY THE INVESTORS INVOLVES THE RISK OF PARTIAL OR TOTAL LOSS. THE MANAGEMENT COMPANY SHALL ABSTAIN FROM IN ANY WAY GUARANTEEING A FIXED RETURN ON THE PARTICIPATIONS CONSTITUTED, OR FROM GUARANTEEING THE PERFORMANCE OF VALUATIONS OF THE ASSETS MAKING UP THE FUND.

The S&P Colombia Select Index (the "Index") is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by Global X. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); The Trademarks are trademarks of the S&P and Dow Jones; and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Global X. The Fund is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, any of their respective affiliates (collectively, "S&P Dow Jones Indices"). S&P Dow Jones Indices makes no representation or warranty, express or implied, to the owners of the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly or the ability of the Index to track general market performance. S&P Dow Jones Indices' only relationship to Global X with respect to the Index is the licensing of the Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The Index is determined, composed and calculated by S&P Dow Jones Indices without regard to Global X or the Fund. S&P Dow Jones Indices have no obligation to take the needs of Global X or the owners of the Fund into consideration in determining, composing or calculating the Index. S&P Dow Jones Indices are not responsible for and have not participated in the determination of the prices, and amount of the Fund or the timing of the issuance or sale of the Fund or in the determination or calculation of the equation by which the Fund is to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices have no obligation or liability in connection with the administration, marketing or trading of the Fund. There is no assurance that investment products based on the Index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

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S&P DOW JONES INDICES DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY GLOBAL X, OWNERS OF THE FUND, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD-PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND GLOBAL X, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.”

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## RULES OF FONDO BURSÁTIL GLOBAL X COLOMBIA SELECT DE S&P

### INTRODUCTORY CHAPTER

#### DEFINITIONS

The words, terms or expressions used below with their first letter capitalized shall have the meanings assigned to them in this Chapter.

Words, terms or expressions that denote the singular also include the plural, and vice versa, provided that the context so requires.

Words, terms or expressions not expressly defined in this Chapter must be understood in their usual and current context applied in the corresponding technical language, or in the natural and obvious sense according to general usage in the Spanish language.

**Shares.** The shares traded on the BVC.

**Transferrable Assets.** Shares that form part of the Basket. The transfer of Transferable Assets to and from the Fund shall be governed by the provisions set out in Chapters 4 and 5 of these Rules.

**Account Entries.** The electronic registry of the rights and balances related to the Documents Representing the Shares in deposit accounts of DECEVAL, as well in regards to the Transferable Assets and any other security, security title or financial instrument deposited therein.

**Investors' Meeting.** The group of Investors' meeting subject to the quorum and conditions set forth in these Rules and other applicable regulations.

**Basket Composition File.** The report identifying and establishing the group of assets that form the Basket, calculated daily by the Portfolio Manager and released on the Management Company's Website every Valuation Day, before the opening of trading on securities classified as liquid instruments by the BVC.

**Real Beneficiary.** Has the meaning set out in Article 6.1.1.1.3 of Decree 2555 and any other regulation modifying, replacing or adding to it. For tax purposes, this definition shall not apply.

**BVC.** Is the Bolsa de Valores de Colombia S.A.

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**Basket.** A basket is the group of assets, consisting of the Transferable Assets and the Cash Amount, each as determined from time to time by the Portfolio Manager, to be generally contributed to the Fund as payment for the issuance of Documents Representing the Shares equivalent to the respective Creation Units, or to be delivered by the Fund as payment for the redemption of Documents Representing the Shares equivalent to the respective Creation Units. The Basket will be established in the Basket Composition File for each Trading Day and may also include Other Assets.

**Adjusted Stock Market Capitalization.** This represents the total value of a limited liability company expressed in Colombian pesos (COP), whose shares are registered on the BVC and whose shares form part of the Index, according to the terms of the float. It is calculated according to the provisions set out in the S&P Colombia Select Index Methodology.

**CBCF.** The Basic Accounting and Financial Circular (External Circular 100 of 1995) issued by the SFC.

**CBJ.** The Basic Legal Circular (External Circular 029 of 2014) issued by the SFC.

**Management and Administration Commission.** The sum of money the Management Company and the Portfolio Manager will receive as compensation for the administration services provided to the Fund. The Management and Administration Commission will be calculated and paid in accordance with the provisions set out in Section 9.2 of these Rules.

**Investment Committee.** The body responsible for analyzing investments as well as defining investment quotas and policies for the purchase and sale of investments. The Portfolio Manager will appoint the members of the Investment Committee.

**Composition of the Index.** This is the amount of securities determined by S&P for the purpose of updating the shares that form part of the Index. This formula will be recalculated with the frequency established in the methodology Index Colombia Select S&P.

**Confirmation.** Refers to the acceptance by the Management Company, by the means defined to such effect, in respect of any Creation Order and/or Redemption Order sent by the Authorized Participants.

**Portfolio Manager Contract.** This is the contract signed by the Portfolio Manager and the Management Company, in which Global X is appointed as the Fund's Portfolio Manager.

**License Contract.** This is the license contract required to use the "S&P Colombia Select Index" brand, and granting

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Global X and their affiliates a license to use the "S&P Colombia Select Index" brand exclusively in relation to the administration, marketing, creation, launching and ongoing operations of the Fund.

Authorized Participant Contract. The contract signed by the Management Company as spokesperson for the Fund, with the stock brokerage companies who are appointed by the Management Company as Authorized Participants and which governs the relationship between them.

Sub-Licensing Contract. This is the sub-license contract, which grants a sub-license to the Management Company to use the "S&P Colombia Select Index" brand, whose use is limited exclusively to the issuance, sale, administration, marketing, creation, launching and operations of the Fund.

Custody: Is the activity related to the custody of all securities held by the fund. Cititrust S.A. ("the custodian") was appointed to perform this duty and oversee all operations related to the Fund. The Custodian shall carry out at least the following services: i) Surveillance and safeguard of securities ii) settlement of all fund's securities, and iii) the administration of the equity rights under the terms established by the decree no. 2555.

DECEVAL. This is the Colombia securities clearinghouse (Depósito Centralizado de Valores de Colombia S.A.)

Decree 2555. Decree 2555 of 2010 issued by the National Government on July 15, 2010, which compiles and re-issues standards for the financial, insurance and securities sector and also determines other provisions and their modifications made from time to time.

Direct Depositor. The entities which, in accordance with the DECEVAL Rules and approved by the SFC, may directly access their services and have signed a securities deposit contract, either in their name and on their own behalf and/or in the name and on behalf of third parties.

Trading Day. Any day when the BVC is open and operating.

Documents Representing the Shares. These are the securities that represent the Investors' Share Units in the Fund. The Documents Representing the Shares may only be acquired: (i) by the creation of share units according to Chapter five of this Rules, or (ii) by purchasing Documents Representing the Shares in the secondary market.

It is understood that a Document Representing the Shares is equivalent to a Share Unit.

Tracking Error: This is the standard deviation of the difference between the daily percentage change of the closing price of the Index against the value of the Share Unit calculated pursuant to Numeral 8.4 of these Rules.

Payment Date. The date the Management Company selects to distribute any of the Fund's Income, in accordance with the instructions of the Portfolio Manager. Rebalancing Date. The date the composition of the Index is recalculated and updated; these activities are carried out according to the guidelines established in the S&P Colombia Select Index Methodology.

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Fund or ETF. This is the Fund titled "Fondo Bursátil Global X Colombia Select de S&P".

Portfolio Manager. The Portfolio Manager is the foreign legal entity with expert knowledge in the area of portfolio administration and asset management responsible for making the investments determined in these Rules and has extensive domestic and international recognition and experience. In this case, Global X is a company regulated in the state of New York, of the United States of America. The Portfolio Manager has appointed Federico Torres Grajales, identified with Colombian ID number 79.568.074 issued in Bogotá, as its representative in Colombia, as established in Numeral 1.5 of these Rules.

Global X. Refers to Global X Management Company, LLC.

Index. The S&P Colombia Select Index defined in the S&P Colombia Select Methodology.

Investors. Investors may include national or foreign private individuals or legal entities; collective portfolios; pension and severance funds; autonomous estates; or foreign investment funds, among other national or foreign private individuals or legal entities that are owners of Share Units.

S&P Colombia Select Methodology. This is the document issued by S&P containing the instructions and guidelines of the Index, as well as its composition, form, calculation method, etc., available at [http:// www.spindices.com](http://www.spindices.com)

Cash Amounts. This is the portion of the Basket composed of Colombian pesos (COP), cash equivalents or money market funds.

Minimum Value of the Fund. The sum equal to two thousand six hundred (2,600) current monthly legal minimum wages.

Base Currency. The base currency of the Fund shall be the Colombian Peso ("COP").

Tender Offer (*Oferta Pública de Adquisición — OPA*). A tender offer has the meaning set out in Title 2, Chapter 15, Part 6 of Decree 2555 and any other regulation modifying, replacing or adding to it.

Creation Order. This is the order issued by an Authorized Participant pursuant to the procedure defined by the Management Company, in accordance with the Authorized Participant Contract, and through which the Management Company is requested to create a number of Share Units at least equivalent to one Creation Unit and issues the corresponding Documents Representing the Shares.

Redemption Order. This is the order issued by the Authorized Participant pursuant to the procedure defined by the

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Management Company, in accordance with the Authorized Participant Contract, and through which the Management Company is requested to redeem a number of Share Units at least equivalent to one Unit of Creation and cancel the Documents Representing the corresponding shares.

Other Allowable Investments. The investments established in subsections a, b, c and d of Numeral 2.3 of these Rules, in which the Fund may invest up to a 10 per cent (10%) of the Value of the Fund's Portfolio.

Authorized Participants. The Stock Brokerage Companies that have entered into an Authorized Participant Contract with the Management Company allowing them to submit, on their own behalf or on behalf of third parties, Creation or Redemption Orders to the Management Company.

Rebalancing Period. The period extending from fifteen (15) calendar days before, to fifteen (15) calendar days after the Rebalancing Date.

Colombian Peso or COP. The currency that is legal tender in the Republic of Colombia.

Portfolio. The group of investments in the Fund.

Security Lending. Refers to the operations authorized according to the provisions of Numeral 2.11 of the present rules.

Prospectus. The document prepared by the Management Company containing the information and characteristics set forth in Numeral 13.3 of these Rules and other applicable regulations.

Rules. These Rules which are applicable to the Fund.

DECEVAL's Operation Rules. The rules issued by DECEVAL, approved by the SFC, which regulate the relationship between DECEVAL and its Direct Depositors, indirect depositors, Issuers and other centralized deposits of local and international securities, in respect to the contracts entered into when carrying out the corporate purpose of DECEVAL.

SFC. Colombian Financial Superintendency (*Superintendencia Financiera de Colombia*).

Website. The website of the Management Company, where there shall be a link allowing any person to enter and access all the information that is published and that has been published pursuant to these Rules and applicable standards. The Website is: <http://www.fidubogota.com>

Management Company or Trust Company. Refers to FIDUCIARIA BOGOTÁ S.A., a financial services entity legally

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constituted on September 30, 1991, by public deed number 3178, granted before the 11<sup>th</sup> Notary Public of Bogotá with Commercial Registry No. 00472900 and NIT No. 800.142.383-7, pursuant to the provisions of Article 6 of Law 45 of 1990. By Resolution No. 3615 of October 4, 1991, the Superintendency of Banking authorized the Trust Company to conduct its corporate purpose.

Stock Brokerage Companies. Companies monitored and authorized by the SFC to conduct stock brokerage activities, within the terms of Decree 2555, and the members of the BVC whose purpose is to act as brokers for Investors when buying and selling the Documents Representing the Shares.

S&P. S&P Dow Jones Indices LLC and its subsidiaries.

Temporary Transfer of Securities. These are the operations referred to in Decree 2555, Article 2.36.3.1.3 *et seq.*, allowing the Fund to act as an "originator" (initial temporary seller), in accordance with the current standards governing their application.

Creation Unit. A Creation Unit is a measurement unit equivalent to a determined number of Share Units, whose size is defined from time to time by the Portfolio Manager and which constitutes the minimum amount needed for the Authorized Participants to request the Management Company to issue or redeem Share Units. A Creation Unit will be initially equivalent to ten thousand (10,000) Share Units. Changes in the size of the Creation Unit do not imply changes in the number of Share Units previously acquired by the Investors.

Share Unit. The unit which expresses the shareholding rights corresponding to each Investor in the Fund and which consists of the assets determined by the Portfolio Manager according to the nature and investment policy of the Fund.

Share Units may only be acquired: (i) by the procedure of Creation established in the Fifth Chapter of this Rules; or (ii) by purchasing Documents Representing the Shares on the secondary market.

Net Asset Value. The total net value, in COP, of all of the assets of the Fund after deducting all of the liabilities of the Fund at a specific time on a specific date.

Net Asset Value Per Unit. The Net Value of the Assets divided by the number of outstanding Share Units.

Fund Value or Closing Value. The net value expressed in Colombian Pesos for Share Units at the value of the Share Unit governing operations on each Trading Day determined according to the Numeral 8.3.1.

Related entities. Related entities refer to companies belonging to the same economic group, affiliates or subsidiaries, in accordance with the definition of these terms set out in Law 222 of 1995 and in subsection b, Numeral 2 of Article 7.3.1.1.2 of Decree 2555, the definitions of "Related" contained in each of such rules shall be considered.

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CHAPTER ONE  
GENERAL ASPECTS OF THE FUND

1.1. NAME, TYPE AND PURPOSE OF THE FUND

The name of the Fund that is regulated by these Rules is FONDO BURSÁTIL GLOBAL X COLOMBIA SELECT DE S&P and it will be an exchange-traded fund according to the provisions set out in Article 3.4.1.1.2 of Decree 2555, and whose purpose is to replicate or track the S&P Colombia Select Index by creating a portfolio consisting of some or all of the assets that for part of the Index from time to time.

Since it is an exchange-traded Fund, its purpose is to generate, before tax and expenses, returns similar to the Index and allow Investors to diversify their investments insofar as with a single investment they can spread their risks by purchasing a single security with underlying assets formed by multiple components belonging to a specific class with diverse components in terms of the issuer and the industry of the issuer, their qualification and maturity, amongst others. On their part, the Fund's Share Units offer Investors two different sources of liquidity: (i) traditional liquidity, measured by the trading volume by the Investor of the Documents Representing the Shares on the secondary market and (ii) the liquidity generated by trading the underlying securities of the Index.

1.2. THE MANAGEMENT COMPANY OF THE FUND

The management company is FIDUCIARIA BOGOTA S.A. a financial services entity legally incorporated on September 30, 1991, by public deed number 3178, granted before the 11<sup>th</sup> Notary Public of Bogotá with Commercial Registry No. 00472900 and NIT No. 800.142.383-7, pursuant to the provisions of Article 6 of Law 45 of 1990. By Resolution No. 3615 of October 4, 1991, the Superintendency of Banking authorized the Trust Company to conduct its corporate purpose. When the expression "Management Company or the TRUST COMPANY" is employed in these Rules, it shall be understood that reference is being made to FIDUCIARIA BOGOTÁ S.A.

1.3. DURATION OF THE FUND

The duration of the Fund will be equivalent to that of the Management Company, which as of the approval date of these Rules is established through October 4, 2091, notwithstanding the possibility of extending its duration, which will occur automatically in the event that the term of the Management Company is also extended or the management of the Fund is assigned to another legally authorized management company or it is wound up in advance, as set forth in Decree 2555 and in these Rules.

1.4. DOMICILE OF THE FUND

The Fund will be domiciled in the city of Bogotá D.C, at the address of the Management Company's headquarters, which are currently located at Calle 67 # 7-37, Piso 3, PBX (57-1) 348 54 00 in the city of Bogotá D.C.

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## 1.5. PORTFOLIO MANAGER

In accordance with the provisions of Articles 3.1.15.1.18 and 3.1.14.1.18 of Decree 2555, the Management Company has entered into a contract with Global X. Under the terms of this contract, Global X undertakes to provide its professional services as Portfolio Management to develop and manage the Fund. Global X is a company duly incorporated under the laws of the state of New York, USA and regulated by the Securities Exchange Commission (SEC), from the United States of America.

As the Portfolio Manager is a company constituted and domiciled outside Colombia, the Global X representative has given special powers in Colombia to Federico Torres Grajales, a resident of Bogota, of legal age, and duly identified with ID card no. 79.568.074, to act as its representative in the Colombian territory and carry out all Global X's management activities as the Fund's portfolio manager, in accordance with the terms set forth in these Rules.

The contact details of the Global X representative in Colombia are as follows:

Name: Federico Torres Grajales

Company: Global X Management Company, LLC

Address: Carrera 7 # 71-21 Torre B Oficina 1301, Bogotá D.C., Colombia

Tel: (+571) 319 2706

email: [ftorres@globalxfunds.com](mailto:ftorres@globalxfunds.com)

Any changes to this representative or to his contact details, or his removal when this is pertinent pursuant to the provisions herein, must be posted on the Website of the Management Company and reported directly to the SFC.

## 1.6. SEPARATION OF PROPERTY AND ASSETS OF THE FUND

Pursuant to the provisions set out in Article 68 of Law 964 of 2005, Article 3.1.1.1.3 of Decree 2555, and any regulations that amend, supplement or replace it, the assets comprising the Fund constitute an independent and separate property of: (i) the assets owned by the Management Company and of the Portfolio Manager; and (ii) the assets the Management Company or the Portfolio Manager manage through other businesses and collective portfolios or funds of any class, and consequently they will be destined solely for engaging in the activities described in these Rules and for paying the obligations assumed in the name and on behalf of the Fund.

As a result of the above, the assets of the Fund do not form part of, nor will they form part of the property of the Management Company nor of the property of the Portfolio Manager, nor do they constitute a general pledge of its creditors, and they are excluded from the total assets that might be counted for the purposes of any commercial procedure, or any other action that might affect them.

When the Management Company or the Portfolio Manager act in the name and on behalf of the Fund, it will be assumed that this only commits the latter's resources and assets. The Fund shall be individually and not jointly and severally liable for any loss, damage, cost, expense or liability incurred arising from a claim, investigation, proceeding, lawsuit, legal proceedings, appeal, complaint, accusation, sanction, ruling, award, judgment, charge or claim of any kind directly or indirectly related to the Fund and investment activities it has executed and/or assets acceptable for

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investment in which the funds of the Fund have been allocated.

Pursuant to the provisions of Article 3.3.1.1.18 of Decree 2555, the responsibility for the investment decisions shall be assumed by the Portfolio Manager who, according to Article 3.3.1.1.20 of the same Decree, shall operate professionally with the diligence required of a prudent and diligent expert in the management of mutual funds or collective portfolios, observing the investment policy of the Fund and of these Rules. The contracting conditions of the Portfolio Manager are those provided under these Rules in accordance with the provisions of Articles 3.3.1.1.18, 3.3.1.1.19, and 3.3.1.1.20 of Decree 2555, in accordance with the express reference made by Article 3.4.1.1.18 of the same Decree 2555.

#### 1.7. COVERAGE OF THE FUND

Pursuant to Numeral 1.6, Title VIII of the CBJ, considering that Chapter XXIII of the CBCF is applicable in its entirety to the Management Company, for the management and administration of the Fund it is not necessary to establish hedging mechanisms in addition to those required in such Chapter XXIII. Thus, in implementing the Operative Risk Administration System (SARO), the Management Company has emphasized the identification, measurement, control and effective monitoring of the risks described in Article 3.1.3.1.3 of Decree 2555.

#### 1.8. INFORMATION MECHANISMS IN ADDITION TO THE RULES

Apart from these Rules, the Management Company has prepared the Prospectus. Copies or updated information on the following may be consulted at any time in the offices of the Management Company:

1.8.1. Copy of the Rules.

1.8.2. Copy of the Prospectus.

1.8.3. Net earnings of the Fund.

1.8.4. The six-monthly accounting report as at June 30 and December 31 delivered by the Management Company in accordance with the provisions of Article 3.4.1.1.14 of Decree 2555.

1.8.5. Information related to the management and control bodies of the Management Company.

1.8.6. Offices open to the public and network of offices of Banco de Bogotá.

FIRST PARAGRAPH: Communications that shall, according to current regulations, be made by the Fund in a widely-circulated national newspaper, will be published in Diario El Siglo.

#### 1.9. SUB-LICENSE CONTRACT

This is the sub-license contract entered into the Management Company and the Portfolio Manager which grants a sub-license to the Management Company only to use the brand of the Index in relation to the administration, marketing, creation, launching and operation of the Fund.

#### 1.10. MINIMUM AMOUNT OF SHARES

The Fund shall have a minimum value of two thousand six hundred (2,600) current monthly legal minimum wages.

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The Fund must commence operations within the six months after the date these Rules are approved by the SFC. The Fund is granted a period of one year from its start-up date to reach the minimum holdings required by the terms established in this Chapter.

#### 1.11. ADDITIONAL FUNDS

The Portfolio Manager and any of the members of the Investment Committee, as well as any Related Entities, may manage, administer, advise or take holdings in other investment funds, which include exchange-traded funds, mutual funds, business collaborations, joint ventures, companies, etc., whose purpose is to invest, administer or manage mutual funds and, in general, any investment funds (including exchange-traded funds) provided that they do not infringe in any way the provisions established in these Rules or in the applicable rules. As the Fund applies a “passive” investment strategy, any other type of investment, management, advice or holdings of the members of the Investment Committee, the Portfolio Manager or any other of the companies of the Portfolio Manager in these funds, or any transfer of assets between the funds administered by the Portfolio Manager, will not constitute or result *per se* in a conflict of interest, provided it is conducted in strict compliance with the applicable rules and regulations, especially in terms of the internal policies and bylaws of the Portfolio Manager in relation to such investments.

To prevent fraud and stock market manipulation, the Portfolio Manager's employees must have knowledge of and adhere to Portfolio Manager policies and procedures, which include its Code of Conduct and Business Ethics and Investment Policy for Employees.

In any event, any investment made by the members of the Investment Committee or the Portfolio Manager is subject to the provisions set out in the applicable law and regulations, and their relevant policies.

The Portfolio Manager shall not, in his own name or in the name of other funds in whose management he participates, conduct operations outside the exchange, nor pre-agreed operations of any kind with the Fund as the counterparty, even in events in which Decree 2555 authorizes the conducting of such kind of operations.

#### 1.12. MINIMUM NUMBER OF INVESTORS

The Fund shall have at least two Investors. None of the Fund's Investors are entitled to hold over ninety percent (90%) of the assets of the Fund represented in the corresponding Share Units.

Notwithstanding the foregoing, the minimum number of Investors and the maximum concentration limit will not apply during the first year of operations of the Fund.

#### 1.13. DURATION OF THE INVESTMENT IN THE FUND

The Fund does not require any minimum duration of investment. Consequently, Investors may, but only via Authorized Participants, directly request the Management Company to issue or redeem Documents Representing the Shares corresponding to Creation Units at any time. The Documents Representing the Shares may only be traded by the Investors on the secondary market at any time.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers (“RNVE” after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Columbian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

#### 1.14. TYPE OF OBLIGATIONS AND CONTRIBUTIONS

The obligations of the Management Company are obligations of due diligence and in no case of guaranteed performance. Therefore, the investments made by the Investors involve the risk of partial or total loss. The Management Company shall abstain from in any way guaranteeing a fixed return on the shares constituted, or from guaranteeing returns for valuations of the assets making up the Fund. Such losses shall be distributed among the Investors at such time in percentage proportion to their participation in the total value of the Fund.

However, the Management Company will respond for ordinary negligence in the performance of its management. Phenomena such as devaluation, revaluation, inflation, impairment of the securities, market fluctuations, freezing, closing or drops in interest rates or returns, acts of the authorities, altercation of public order, stoppages, strikes, mutinies, uprisings and, in general, *force majeure* events. The foregoing without prejudice to the Exchange-Traded Fund's structuring hedging mechanisms that seek to ensure the recovery of capital or a determined minimum return, provided the Management Company does not compromise its own patrimony to such effect.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Columbian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.



## CHAPTER TWO INVESTMENT POLICY

### 2.1. INVESTMENT OBJECTIVE

The purpose of the Fund is to offer Investors an investment based on the Index. The Fund offers Investors the possibility to buy or sell holdings in a portfolio whose underlying assets consist mainly of shares that made part of the Index and seeks to obtain returns, based on the Net Asset Value per Unit calculated in accordance with these Rules, on investments that generally correspond to the fluctuation of the Index.

The Fund offers Investors the advantage of a diversified investment, insofar as the acquisition of a Share Unit in the Fund grants access to the risk exposure and diversification offered by the Index; therefore, Investors are not exposed to the risk of only one company, since its Share Unit spreads the risk over all the companies that are part of the Index.

The Share Units of the Fund represent the partial ownership of the value of an underlying portfolio composed of shares either to the Index that seeks to replicate the performance of the Index.

The Portfolio Manager will not attempt to obtain a return greater than the return of the Index, nor will defensive, hedging or risk-coverage positions be sought in the event of one-off fluctuations of the market.

### 2.2. ASSETS ACCEPTABLE FOR INVESTMENT IN THE FUND

Assets acceptable for investment shall be: (i) shares that form part of the Index or derivative financial instruments whose underlying assets are the Index or its assets, in accordance with Article 3.4.1.1.8 of Decree 2555; and (ii) Other Allowed Investments.

For all the purposes of these Rules, it shall be understood that the Fund may invest in dematerialized securities and fixed assets in a central securities depository, at any times within the limits stipulated in these Rules.

Paragraph. Taking into consideration the methodology used to calculate the Index and the investment policies of the Fund, the Management Company, under the instructions of the Portfolio Manager, may adjust the composition of the Portfolio when the composition of the Index is adjusted as a result of the inclusion of distributions, spin-offs, mergers or any other event that modifies the theoretical composition of the portfolio of the Index.

### 2.3. OTHER ALLOWABLE INVESTMENTS

The purpose of the Fund is to acquire shares forming part of the Index. Nonetheless, provided that the Portfolio Manager considers that investing in assets other than those mentioned in the preceding numeral, and that these investments may contribute to tracking the yields of the Index, the Fund may invest in the following assets:

- a. Shares or equity interests not included on the Index provided they are listed on the BVC;

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- b. American Depositary Receipts (“ADRs”), backed by any of the Shares that are part of the Index;
- c. Checking or savings account deposits in Colombian Pesos in banks subject to inspection and monitoring by the SFC; or
- d. Government bonds issued by the Republic of Colombia.

Paragraph. The investments described in letters a. and b. of this Numeral may only be used as part of the Fund’s “representative sampling” portfolio management strategy to replicate the Index performance as described in Numeral 2.6. The investments described in letter c and d may be used as a measure to manage the cash flows and excess liquidity of the Fund.

#### 2.4. INVESTMENT LIMITS

The Fund shall maintain the following investment limits:

- I. The Fund shall invest at least ninety percent (90%) of the Portfolio in securities listed on the Index and/or in the derivative financial instruments whose underlying assets are the Index or the latter’s assets, in order to reflect the fluctuations of the index and the returns generated, at all times in accordance with the limits stipulated in these Rules.
- II. The Fund may invest up to a maximum of ten percent (10%) of the Portfolio in the Other Investments Allowed contemplated in Numeral 2.3, letters a, b, c and d, of these Rules.

First Paragraph. Whenever, in attention to a *force majeure* event or an act of God or to market conditions that are beyond the control of the Management Company and the Portfolio Manager, the above limits are exceeded, the

Portfolio Manager shall adopt any corrective measures that are appropriate for re-establishing the limits, pursuant to this Numeral, as soon as possible, endeavoring at all times to meet the investment objective set forth in Number 2.1 of these Rules and in accordance with Article 3.1.4.1.3 of Decree 2555.

Second Paragraph. The above limits shall not be exceeded for more than ten (10) consecutive Trading Days within a period of thirty (30) calendar days. In the event that it becomes necessary to temporarily or permanently exceed the limit established by letter a of this Numeral for a period of more than ten (10) consecutive Trading Days within a period of thirty (30) calendar days, such situation shall be immediately and effectively reported to the Investors through a publication on the Website of the Management Company and also reported to the SFC, detailing the measures taken and technical justification for same.

#### 2.5. THE INDEX

The Index was directly developed by S&P and both its definition and calculation method are established in the methodology Select Index S&P of Colombia. Any aspect, characteristic or methodology related to the Index, may be modified and/or amended at the discretion of S&P, at any time. If such a situation occurs, and the information is published on the webpage of S&P, it shall be understood that Investors will have access to the information and these

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Rules do not, therefore, need to be changed.

First Paragraph. Neither the Fund, the Management Company, the Portfolio Manager nor the members of the Investment Committee are responsible for managing, calculating, publishing, maintaining the Index, or the accuracy or integrity thereof; and they will not be held responsible for any omissions or errors committed with regard to the spread or the calculation of the Index, or the information used to calculate or determine its composition.

Paragraph Two. If S&P ends the management, calculation, publication or maintenance of the Index, the Management Company must immediately disclose such information in accordance with applicable Rules and summon an Investors' Meeting to determine whether to (i) change the Fund's investment objective, or (ii) liquidate the Fund subject to the terms contained in these Rules.

Third Paragraph. All the information related to the Index contained in these Rules was obtained from S&P.

Neither the Management Company nor the Portfolio Manager or the Investment Committee will be liable for any inaccuracy of the information referring to the Index contained herein or for any inaccuracies when calculating the Index.

## 2.6. REBALANCING

The index is rebalanced generally two times a year in the months of March and September. The semi-annual rebalancing is effective after the market close on the third Friday of the last months of March and September.

In addition to the above events, there may be other Rebalances any time the Portfolio Manager considers it necessary or appropriate, provided the purpose of such Rebalances is to track of the Index yields or mitigate a Tracking Error.

The rebalancing reference dates are after the closing of the last Trading Day.

During the Rebalancing Period, the Portfolio Manager, at its own discretion, may instruct the Management Company to use special procedures such as suspending the issuing of Share Units, whenever this issuing may affect the market price of any of the shares listed in the Index due to the sum that would have to be negotiated.

During the Rebalancing Period, the Portfolio Manager may accept, when issuing Share Units equivalent to Creation Units, stock from companies included in the Index, in accordance with the new composition of the Index published by S&P, or stock from companies excluded from the composition of the Index, in accordance with the new composition of the Index published by S&P.

For investments in Shares no weighting of the issuer shall be more than fifteen percent (15%) and no weighting of a

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determined sector shall be over forty percent (40%).

Paragraph: During the Rebalancing Period the investment limits of the Fund referred to under Numeral 2.4 of these Rules shall not apply.

## 2.7. SELECTION OF THE COMPOSITION OF THE INDEX

The Index is designed by S&P to provide Investors with an easily replicable snapshot of certain Colombian shares, comprised of liquid, tradable securities.

## 2.8. ISSUERS' WEIGHT

The Index employs a modified market capitalization-weighted scheme, using the divisor methodology used in all S&P's equity indexes. For investments in Shares no weighting shall be greater than fifteen percent (15%) and no sector can have a weight of more than forty percent (40%).

First Paragraph. Neither the Fund's investment policy, nor any description or statement about the Fund, may be interpreted as a guarantee, commitment or suggestion as to the future performance of the Fund or any of its assets.

Paragraph Two. The value of the Fund may be reduced due to the impairment of the assets that make up the Portfolio, and as a result the Share Units may lose value until they reach a value even lower than the level at which the Investors may have acquired them.

## 2.9. INVESTMENT STRATEGY

The Fund will apply a 'passive' investment strategy, which implies that it will not attempt to obtain returns greater than the returns of the Index.

The Fund may use a "representative sampling" portfolio management strategy by means of which an investment is made in a representative sample of securities, which underlying assets are part of the Index or its assets that collectively offer a similar profile to that of the Index, though always respecting the investment limits indicated in Numeral 2.4 of these Rules.

Overall it is expected that the selected securities will possess certain characteristics (based on market, capitalization, volatility, return and liquidity factors) similar to those of the Index. By using this investment strategy, the Fund may or may not include all the securities that make up the Index.

The Index is a theoretical financial calculation, while the Fund represents an actual investment. The performance of the Fund and the Index may vary due to factors such as transaction costs, cash positions in the Fund, the application of Colombian regulations, the value of certain assets, corporate restructuring (such as mergers or spin-offs), inability of the Fund to physically replicate the exact weights of the different shares that constitute the Fund Portfolio,

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variations in time and differences between the result of the Fund's Portfolio and the Index due to legal restrictions which may apply to the Fund and not to the Index, or other factors.

#### 2.10. TRACKING ERROR

The Management Company shall monitor the Fund's Tracking Error which shall not exceed five percent (5%) during ten (10) consecutive Trading Days. If it is necessary to permanently or temporarily exceed such limit, such situation shall be effectively and immediately informed to the Investors by means of a publication on the Website of the Management Company, and the SFC shall also be informed, detailing the steps taken and their technical justification.

#### 2.11. LIQUIDITY OPERATIONS

In accordance with the provisions of Article 3.1.1.4.5 of Decree 2555 the Fund may engage in repurchase and simultaneous in order to meet requests for withdrawals or expenses of the Fund. In any case the sum of the two types of operations may exceed, for up to thirty percent (30%) of the total assets of the Fund. Its operations will be conducted through a stock exchange or any other securities negotiation system authorized by the Financial Superintendency of Colombia.

The securities received by the Fund by conducting repurchasing and/or simultaneous asset operations shall not be temporarily or permanently transferred except to comply with the respective operation.

Security Lending Transactions must be subject to the deadlines set by the BVC Regulations. When, in accordance with the applicable regulations to each case, it is possible that a transaction does not occur through the BVC or securities trading systems, the parties shall agree to its term, which may not under any circumstances exceed one year, counting from the date of the respective transaction.

First Paragraph. When engaging in Security Lending transactions, the rules relating to guarantees, terms, form of payment of returns, compliance, etc., as contained in the rules of the BVC must be applied.

Second Paragraph. Engaging in Securities Lending Transactions does not authorize or justify the Portfolio Manager's infringement of the Fund's objectives and investment policy as set forth in these Rules.

Third Paragraph. All the operations described in the aforementioned articles does not authorize nor justifies that the Management Company's infringement of the Fund's objectives and investment policy as set forth in these Rules.

#### 2.12. DEPOSITS OF LIQUID RESOURCES

The Fund may deposit up to ten percent (10%) of the value of its assets in bank accounts with local or foreign financial entities with minimum investment-grade qualification. The Fund may deposit in checking or savings accounts of the parent or subordinated entities of the Management Companies. In no event shall such deposits exceed ten percent (10%) of the value of the assets of the Fund.

#### 2.13. RISKS

The Management Company has an area specialized in risk management. The risk management includes the formulation of limits and policies approved by the Board of Directors of the company, establishing of exposure limits, occasional monitoring of the exposure levels and feedback to top management regarding the appropriate

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compliance with the approved policies. The risk measuring methodologies in accordance with the rules in force and approved by the Board of Directors of the company are periodically subject to historic performance reviews to verify their reliability.

Some of the risk factors to which the Fund and its assets are exposed which could, if they occur, generate losses, cost overruns and, in general an economic detriment to the Fund, and which should be contemplated by Investors when evaluating an investment therein, are set forth below. The description of the risks is not restrictive but merely illustrative, which means that other types of events not listed below could arise.

#### 2.13.1. DUE TO THE NATURE OF THE FUND'S STOCKS:

2.13.1.1. Stock Risk: Investment in variable yield instruments is subject, by nature, to a high level of volatility in relation to the value that may be attributable to the market's perception of an individual issuer or to general fluctuations in the securities market affecting all issuers in general. Stock investments may be more volatile than investments in other types of assets.

2.13.1.2. Issuer Company Risk: Is that which affects the companies in which investments are made, therefore a poor performance of such entities may have a negative impact on the performance of their value and hence their share. The situations that commonly lead to poor performance are associated, among others, to unsuccessful management decisions, competitive pressures, technological changes, labor problems, corporate restructuring and, in general, any operation of company mergers and insolvency, among others. Majority shareholders of a company may, at any time, decide to reduce or refrain from distributing company dividends, which will necessarily have a negative impact on the stock of such company in which the Fund invests.

2.13.1.3. Risk of Corporate Rights. Investors are not entitled to exercise political or economic control over the Fund's underlying assets, as the corporate rights granted by the underlying assets of the Fund are exercised by the Fund.

2.13.1.4. Risk of Concentration. There is a risk of the Index concentrating in companies in specific sectors or segments, with the result that the Fund may be affected negatively by their performance.

2.13.1.5. Counterparty Risk. This refers to the possibility of non-compliance, by any motive, by one or several counterparties with whom the Fund conducts transactions, including but not limited to the possibility of breaching in one or more operations that are made during the creation or redemption of Share Units described in these Rules.

The risks of breach mentioned might include as the non-delivery of the securities on the date an operation is due, non-payment and/or untimely payment of the obligations that arise from an operation, including but not limited to OTC derivatives, creation of Share Units in cash in the terms described in Section 5 (Contributions) of these Rules and counterparty insolvency.

#### 2.13.2. IN THE EXECUTION, MANAGEMENT AND/OR ADMINISTRATION OF THE FUND:

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Columbian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

2.13.2.1. Risk of Performance. This refers to the possibility of losses in the Fund as a result of failures when evaluating, controlling and managing the Fund's operations.

2.13.2.2. Risk Inherent to the Portfolio Manager: The business experience and background of the Portfolio Manager does not necessarily indicate a good performance of the Fund, therefore the performance of the Fund depends on the performance of the companies in which investments are made, and therefore, a poor performance of the companies can have a negative impact on the value of the shares in which the Fund invests, and consequently on the Share Units of the Fund.

2.13.2.3. Risk of Follow-Up or Tracking Error. The risk of Tracking Error may occur for the following reasons, among others: (i) the Fund can make investments in Other Allowable Investments that are not part of the Index, (ii) it can invest in the same stocks as the Index, but in a different proportion (portfolio optimization); (iii) it can operate with assets that are part of the Fund at prices other than the day's closing price; and (iv) during Rebalancing Periods, it can buy and sell stocks with their own participation in the Index, but the prices of the transactions are not those of the Rebalancing Date at closing time; (v) the Fund may encounter liquidity issues regarding the underlying shares and the prices at which they can actually be purchased or sold could be higher or lower than calculated in the Index, (vi) the Fund can regularly receive dividends and interest and accumulate liabilities;(vii) the Fund has to assume management fees, trading commissions and expenses; and (viii) the Fund and the Index may not use foreign exchange rates that are consistent with each other. In this sense there may be an imperfect correlation between the values of the Fund and those of the Index, and the rounding-out of prices, changes in the Index and the regulatory requirements that may cause and error in the manner of tracking that causes a discrepancy between the value of the Fund and the value of the Index.

2.13.2.4. Risk of fraud: Occurs when the persons in charge of the execution, administration or management of the Fund, or the person who act as counterparties of the Fund, engage in fraudulent conduct, whether this be an offence, infringement or violation of the self-regulation policies of the Portfolio Manager, the Management Company, the Authorized Participants or the Investors.

2.13.2.5. Liquidity Risk of the Documents Representing the Shares. There is currently no market for the Documents Representing the Shares. The Documents Representing the Shares of the Fund will be traded on the secondary market. It cannot be guaranteed that a secondary market is going to be generated for the Documents Representing the Shares and there is a risk that, even if it does develop, it may not be an active liquid secondary market or continue to operate as such. Therefore, the liquidity of Documents Representing the Shares on the secondary market cannot be guaranteed by the Fund and shall be subject to the development and permanence of a secondary market.

2.13.2.6. Liquidity Risk of the Creation Units: Bearing in mind that in the Fund the redemption of the Share Units may occur at any time, there may be a risk at the time of the redemption of the Share Units due to the fact that the Fund does not have sufficient resources to deliver the Cash Amounts that form part of the Basket on the same day that the investment is redeemed. In these cases, the Management Company shall inform such circumstance to the Investor

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and take the steps that may be appropriate to facilitate the redemption in the shortest time possible. The foregoing is without prejudice to the redemption request being partially attended to the extent possible.

Notwithstanding the foregoing, and as a mitigation measure, the Management Company will make estimates of the Fund's cash flow to ensure that the Fund has sufficient cash to pay expenses, including, of course, the amount corresponding to the Cash Amount that may be part of the redemption, and when there are insufficient funds for the expenses, the Portfolio Manager will proceed to sell some of the securities of the Fund's Portfolio to generate the required liquidity.

In any event, methodologies will be applied to identify, measure, control and monitor liquidity risk, as set forth in Chapter VI of the CBCF.

2.13.2.7. Operational Risk. This refers to the possibility that the Management Company and its officers, the Portfolio Manager and its officers, as well as the members of the Investment Committee may incur in errors or omissions that generate a loss for the Fund. Shortcomings may occur in the conducting of the Fund's operations or in the Internal Control Process (ICP). In the latter case they are operations that exceed the limits of internal authorizations and, in general, lack of controls, including fraudulent operations.

2.13.2.8. Risk of loss of licenses. The Portfolio Manager may lose his license relating to the Index. Such situation may occur in the event that the Portfolio Manager loses his license due to the termination of the contract with S&P Opco, LLC. The Management Company may also lose its sub-license relating to the Index and, consequently, may be required to transfer the Fund to another management company legally authorized for such purposes.

2.13.2.9. Risk of the Market Price of Documents Representing the Shares. The Documents Representing the Shares issued by the Fund may be traded on the BVC at a price that may be higher or lower than the Net Value of the Assets per Share Unit.

Equally, it is possible that at times when the Fund does not accept Creation or Redemption Orders, the Fund's Documents Representing the Shares will be traded on the secondary market at greater premiums or discounts to the Net Value of the Assets, than when traded at times when the Fund accepts Creation and Redemption Orders for the Unit Shares. The trading price of the Fund's Documents Representing the Shares may vary significantly compared to the Net Value of Assets during periods of high volatility.

The market price risk also covers other risks, such as the interest rate generated by variations in the rates that may affect the prices of the Fund's assets. The methodology used to calculate the value of the market risk of the Fund will be measured with the standard model described in Chapter XXI of the CBCF.

2.13.2.10. Risk by Asset Type. The stocks making up the Index may perform worse and generate less favorable results than those generated by other securities or indexes. Various types or classes of securities or indexes tend to experience cycles of low profitability and low return.

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### 2.13.3. THIRD-PARTY RISK, MARKET BEHAVIOR AND REGULATORY CHANGES

2.13.3.1. Judicial risk: This is the risk that arises in relation to regulatory, legal or case law changes issued by the supervising and monitoring bodies, government regulatory entities, jurisprudential pronouncements and positions that affect the performance of the Fund.

Among others, there may be changes that restrict, modify or eliminate the execution of the operations and contracts entered into by the Fund, question the validity of the investments made by the Fund, affect the Fund's capacity and faculties, limit the effectiveness of the guarantees that may be requested of the counterparties of the operations conducted by the Fund or that generate an increase in the expenses and/or costs of the Fund. This also refers to the possibility that the Fund incur losses on being sanctioned or obliged to compensate damages as a result of having violated regulations, the Rules and contractual obligations.

Furthermore, there may be errors in the contracts and transactions that are entered into and executed by the Fund.

2.13.3.2. Market Risk. There is a risk of potential loss from adverse movements in the prices of assets forming the Fund's Portfolio. These movements may consist in short fluctuations due to short-term movements of the market, or they may be for longer periods when the fluctuations become market crises; in the latter case there may be a recession in the securities market, when most of the assets are negatively affected, and even involve the suspension of the operation of the secondary market. The market risk includes interest rate risk.

2.13.3.3. Emerging Market Risk. Investments in emerging markets may be exposed to the risk of greater losses than investments in developed markets.

2.13.3.4. Model Risk. Neither the Management Company nor the Portfolio Manager can guarantee that the index will maximize returns, reduce risks or is suited to a particular type of investment objective or risk profile of the Investors.

2.13.3.5. Macroeconomic Risk. Unexpected events in the international environment could affect local financial stability.

2.13.3.6. Monetary Policy Risk. The Bank of the Republic of Colombia could fail in its goal of maintaining the acquisition power of the Colombian Peso, generating variation and inflation pressures which would affect the Colombian economy and the Fund.

2.13.3.7. Political Risk. This refers to the risk inherent to the political stability of Colombia, which could be affected by economic, financial, social or legal instability that could impact investment in the country and its returns.

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2.13.3.8. Tax Reform Risk. The Fund, the income it receives, or its Investors could be subject to applicable taxes, either directly or by means of withholdings at source from dividends or other payments received.

2.13.3.9. A tax reform could negatively impact the Fund and the Investors, which would discourage investments in the Fund.

2.13.3.10. Risk of listing suspension: In Colombia the listing of the securities that form part of the Index, as well as the listing of the Share Units can be suspended by the BVC for reasons beyond the control of the Fund.

2.13.3.11. Risk of force majeure. The risk of force majeure is the risk derived from the occurrence of unpredictable and unavoidable events beyond the control of, among others, the Management Company, the Portfolio Manager, the custodians, the BVC, DECEVAL and its counterparties which affect the continuance of the Fund's operations including, among others, the possibility to effect issuances and redemptions.

2.13.3.12. Issuer company risk. The performance of the Fund depends on the performance of the companies in which it invests, and for this reason, poor performance by the said companies may have a negative impact on the price of the shares in which the Fund invests, and on the Share Units of the Fund. Poor performance by a company may be due to several factors, such as, but without being limited to, unsuccessful management decisions, competitive pressures, technological changes, regulatory and political changes of the countries in which it is incorporated, legal actions against the company, breaches by third parties, labor problems, corporate restructuring, fraudulent statements and insolvency, among others. The issuers may, at any time and at their discretion, decide to reduce or refrain from distributing company dividends, which will necessarily have a negative impact on the stock of such company in which the Fund invests.

The Fund will not apply an "active" investment strategy, since its Investment Strategy seeks to track the Index, to the extent possible. Therefore, the Fund invests in this type of assets, without considering the success of the issuer companies of the shares that are comprised by the Index. This would imply that the Fund will be affected by a general drop in the segments of the market that are related to the shares of the companies making up the Index.

2.13.3.13. Risk of Money Laundering and Financing of Terrorism. That the Authorized Participants or the brokerage firms through which the purchase and sale of Documents Representing the Shares are made on the secondary market, which are controlled entities and are responsible for compliance with Basic Legal Circular Title I Chapter XI, do not have the appropriate anti-money laundering and financing of terrorism systems, therefore they may be used to give a semblance of legality to assets arising from criminal activities or for the channeling of resources to the execution of terrorist activities.

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## 2.14 RISK PROFILE.

Bearing in mind that the Fund is designed to offer an alternative investment option aimed at Investors prepared to assume risks greater than those associated with investments in more traditional assets, the Fund risk is qualified as HIGH.

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CHAPTER THREE  
FUND ADMINISTRATION, TRACKING AND CONTROL BODIES

3.1. LIABILITY

In its management of the Fund, the Management Company acquires obligations of due diligence rather than guaranteed performance. Therefore, the Management Company, the Portfolio Manager and the Authorized Participants shall refrain from guaranteeing, by any means, a fixed rate for its holdings, as well as guaranteeing returns from the value of the assets and financial instruments forming the Fund.

In addition to the Management Company and the Portfolio Manager, whose duties and obligations are described in Chapters 10 and 11 of these Rules, the Fund will also use the services of the following administration, advisory and control bodies and mechanisms:

3.2. FUND ADMINISTRATION, TRACKING AND CONTROL BODIES

3.2.1. MANAGEMENT COMPANY'S BOARD OF DIRECTORS

The Board of Directors of the Management Company is its maximum management body. It shall have the following obligations in respect of the management of the Fund:

1. Define the policies and procedures applicable to the development of the administration activity of the Fund.
2. Appoint the entity who shall perform all duties related to the fund's securities custody and all complementary activities related to it. Those activities are performed by the selected entity appointed as Custodian.
3. Define the policies, guidelines and procedures in order to carry on the selection process of the Fund's Custodian.
4. Establish corporate governance and internal control policies and guidelines aimed at managing the risks that may affect the Fund.
5. Establish the control policies, procedures and measures that will allow for supervising compliance with the rules established for the valuation of the Fund and of its shares, which shall be met by the Management Company or by the Portfolio Manager of the Fund.
6. Define the policies, guidelines and procedures for guaranteeing the quality of the information disclosed to the general public, Investors and the Super Financiera de Colombia (SFC).
7. Establish policies and adopt the mechanisms that may be necessary to avoid the use of privileged or reserved information and manipulation of the profitability or value of the Creation and Share Units.
8. Define the situations that constitute conflicts of interest, as well as the procedures for their prevention and management.
9. Establish policies, guidelines and procedures for the exercise of the voting rights inherent to the collectively managed securities, which must explicitly define where the Management Company may decline to participate in the deliberations and voting, by reason, *inter alia*, of the little relevance of the corporate participation or of the issues to be decided.
10. Establish guidelines for training programs for officers who conduct the administration of the Fund, as well as for members of the Fund's sales force.

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11. Approve the manuals for the control and prevention of money laundering, corporate governance, including code

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of conduct, internal controls and others necessary for compliance with the rules set forth in Decree 2555, regarding such funds.

12. Effectively and timely resolve the problems identified by the Fund's Portfolio Manager and Statutory Auditor, regarding issues that could affect the proper operation and management of the Fund.
13. Design and approve policies for presentation to the Investors' Meeting of all information needed to establish the status of the Fund, including at least: the basic general-purpose financial statements, the general description of the portfolio, and the evolution of the value of the share, the value of the Fund and the share of each Investor therein.
14. Appoint the Fund's Portfolio Manager.
15. In addition to those expressly set forth in this article, the Board of Directors of the Management Company, in respect of the management activities of the Fund, shall comply with the obligations laid down in Article 3.1.5.1.1 of Decree 2555 and the provisions that modify, add to or reform it. Numeral

### 3.2.2. MONITORING AND TRACKING BODIES

#### 3.2.2.1. INVESTMENT COMMITTEE.

The Portfolio Manager shall incorporate an Investment Committee, responsible for analyzing the investments and the issuers, as well as defining the investment quotas and complying with the Fund's objective, in accordance with the provisions established in the investment policy stipulated in Chapter 2 of these Rules. In any event, the Portfolio Manager shall be exclusively responsible for the investment decisions.

The members of the Investment Committee shall consider themselves administrators pursuant to the provisions of Article 22 of Law 222 of 1995 or any other regulation that may modify, substitute or repeal it and shall have the responsibility assigned to them accordingly.

If any of the members of the Investment Committee resign their position, the said member will be replaced by another person, appointed by the Portfolio Manager, who fulfills the selection criteria stipulated in Section 3.2.2.1.2 of these Rules.

Paragraph. Members of the Investment Committee may invest or participate in investment decisions similar to those of the Fund in order to fulfill the corporate purpose of the Portfolio Manager or any of its Related Entities, subject to the rules on conflicts of interest and the applicable legislation.

#### 3.2.2.1.1. CONSTITUTION

It shall consist of three (3) members appointed by the Board of Directors of the Portfolio Manager.

#### 3.2.2.1.2. CRITERIA FOR SELECTING INVESTMENT COMMITTEE MEMBERS

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The members of the Investment Committee must be private individuals and they must possess the following qualities:

- I. The member must be an employee of Global X or its affiliates and have ample experience in the handling of exchange-traded funds.
- II. Be dedicated, at the time of his appointment, to supervising investment funds.
- III. The candidate must not have received a criminal or administrative sanction for crimes or infringements related to the economic assets of third parties.
- IV. The candidate shall not be a manager of the Management Company.

The Portfolio Manager in order to appoint the members of the Investment Committee will evaluate the biographies of the candidates and the experience they attest to in the handling of exchange-traded funds and shall also check that all members of the Investment Committee comply with the requirements set forth in these Rules.

#### 3.2.2.1.3. MEETINGS OF THE INVESTMENT COMMITTEE

The Investment Committee will meet with as often as necessary (at least twice a year) at the location designated by the members for this purpose. A quorum will be reached when three members of the Investment Committee are present; the decisions of the Investment Committee are considered valid when voted for by at least two members.

It may also meet especially when circumstances so require prior call made by the Portfolio Manager or by the Board of Directors of the Management Company. Minutes shall be kept of such meetings pursuant to the norms of the Commercial Code for corporations.

Face-to-face meetings are not always required (as telephone meetings or votes made in writing are also valid) and, in all cases, it is understood that it is not necessary to comply with the provisions stipulated in Article 19 and 20 of Law 222 of 1995. Minutes must be kept for all meetings.

#### 3.2.2.1.4. DUTIES OF THE INVESTMENT COMMITTEE

The Investment Committee will be responsible for analyzing the investments of the Fund and, in general, for all the other matters related to the Fund's Investment Policy, without prejudice to all the other related duties associated with these Rules, and in accordance with the guidelines set forth in the Investment Policy.

The Investment Committee shall have the following duties depending on the nature of the assets, always seeking the best way to comply with the Fund's objective and to safeguard the Investors' interests:

- I. Directing and preparing investment policies and strategies in order to comply with the Investment Policy set forth in these Rules.
- II. Designing the adjustment strategy for the Investment Policy, when extraordinary circumstances, unexpected or unforeseen situations arise which hinder their compliance. To this end, the following procedure shall be followed:

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In the event of any extraordinary circumstance or unforeseen or unforeseeable situation that prevents compliance with the Fund's Investment Policy, the Management Company shall immediately inform the SFC and the market of such circumstance through the Management Company's website and through the Securities Market Information System (*Sistema de Información del Mercado de Valores* - "SIMEV") as important information and shall call an Investment Committee meeting.

On the same date, the Investment Committee shall meet using any of the mechanisms provided to such effect, in order to design the strategy for adjustment of the Investment Policy to be submitted to the Board of Directors of the Management Company, which shall be responsible for authorizing same, making any amendments it deems appropriate.

Once the adjustment strategy for the Investment Policy is determined, the SFC and the Investors shall be informed.

III. Proposing revisions and modifications of the Rules.

IV. Evaluate the internal risk control and supervisory systems in regard to the Exchange-Traded Fund.

V. Follow up on the tasks of treasury, exposure to risk of the portfolios, quotas and limits in regard to the Exchange-Traded Fund.

VI. Review the reports generated by the Portfolio Manager in regard to the Exchange-traded Fund.

VII. Verifying the absence of conflicts of interest in the dealings and activities of the Fund, notwithstanding the obligations for which the Management Company is responsible.

VIII. Propose to the Management Company the early winding up of the Fund.

IX. Any other tasks set forth in the applicable regulation or in these Rules.

### 3.2.3. MONITORING BODIES

#### 3.2.3.1. STATUTORY AUDITOR

Whosoever exercises the duties of Statutory Auditor of the Management Company shall be the Statutory Auditor of the Fund.

The data and profile of the Statutory Auditor and her/his alternate shall be published on the Website of the

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Management Company, and any change in the exercise of such position shall also be made known to the Investors by this means.

The Statutory Auditor shall submit the reports relating to the Fund, independently of those referring to the Management Company and to the other Mutual Funds it manages.

In any event the Fund may at any time contract an external auditor, at its own expense, as set forth in these Rules, without prejudice to the duties of the Statutory Auditor.

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## CHAPTER FOUR

### AUTHORIZATION AND REDEMPTION OF CREATION UNITS AND TRADING IN SHARE UNITS OFFONDO BURSÁTIL GLOBAL X COLOMBIA SELECT DE S&P

#### 4.1. AUTHORIZED PARTICIPANTS

The Authorized Participants are Stock Brokerage companies, associated with the Fund by having entered into an Authorized Participant's Contract with the Management Company, whose purpose is to establish the terms, parameters and conditions subject to which such stock brokers may request the creation and redemption of Share Units equivalent to Creation Units, under the terms of the Authorized Participant's Contract.

An Authorized Participant is a recognized feature of collective stock portfolios and required to allow access to the creation of Share Units equivalent to Creation Units through the payment of the underlying assets that form the Basket.

The process also operates inversely, insofar as an Investor may request an Authorized Participant to redeem its Share Units, in accordance with the terms attached to the Creation Units, provided the Share Units to be redeemed are equivalent to at least one Creation Unit.

Investors may request the creation and/or redemption of Share Units equivalent to Creation Units directly from the Authorized Participant and not from the Portfolio Manager or the Management Company, in accordance with the procedures set forth in Numeral 4.3 of these Rules.

The Stock Brokerage that has entered into the respective Authorized Participant Contract with the Management Company may concomitantly exercise the duties of intermediation in the secondary market in respect of the trading of the Share Units.

In-kind payments that form part of the settlement of creation and/or redemption orders may involve additional transactional costs for the Investors and/or Authorized Participants that shall be assumed by the latter.

The Management Company shall publish the list of Authorized Participants on its website.

#### 4.2. INVESTORS.

Any individual or domestic or foreign legal entity, Mutual Fund, Pension and Severance Fund, pension trust, Private Equity Fund, among others, which, according to its investment regime, can invest in the Fund, may purchase Share Units of the Fund as an Investor. The associated entities of the Management Company and the Portfolio Manager may acquire also Share Units of the Fund as Investors, always subject to the limitations applicable according to the Law and the regulations of the stock market.

Each Investor is responsible for strictly complying with its investment regime and therefore the Fund will not be liable for investments made that are contrary to the rules governing the Investor or for the violations against its own internal

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rules, both for the investment and the amounts authorized by the Investor's regulations.

Paragraph: The Management Company is authorized to make any direct or indirect investment in the Fund, and to make investments for the pension trusts, investment funds and any other financial product managed by the Management Company, always it discloses such quality in respect of the Share Units that are acquired in the Fund, in accordance with Article 3.4.1.1.22 of Decree 2555.

#### 4.3. CREATION OF SHARE UNITS

Whenever an Authorized Participant sends a Creation Order to the Management Company, and such order is accepted by the Management Company, an equivalent number of Share Units and Documents Representing the Shares will be simultaneously created upon delivery of the components of the Baskets are issued. Unless the Authorized Participant receives a confirmation that its order has been accepted by the Management Company, the Authorized Participant shall assume that such order has been rejected.

In this way, Share Units are created frequently and repeatedly and are offered by the Authorized Participants to be traded as Documents Representing the Shares on the secondary market for the Fund's Investors.

The number of Share Units equivalent to a Creation Unit depends on the value of the Basket and the price range demanded on the secondary market for the Documents Representing the Shares at the time of launching the Fund. The Portfolio Manager is responsible, after analyzing the liquidity of the market, the liquidity of the Index components, the size of the market, the expectation of Investors and Index monitoring forecasts, for determining a size of the Creation Unit that is accessible and maximizes the liquidity and the results of the Fund and facilitates the tradability of the Documents Representing the Shares and investments in the Fund.

The creation of the Share Units may only be requested via Authorized Participants, who, in order to receive the respective Documents Representing the Shares shall deliver as payment to the Management Company, either on its own behalf or as brokers for Investors, all the contents of the Basket contained in the Basket Composition File published each Stock Exchange trading day on the website of the Management Company before the opening of trading of securities classified as liquid instruments by the BVC. The delivery of the components of the Basket shall be based on the provisions of Chapter 5 of these Rules.

Investors will only be able to request the issuing of Documents Representing the Shares through an Authorized Participant, notwithstanding the fact that they can always, through Stock Brokerage Companies, acquire Documents Representing the Shares in the secondary market.

For the creation of Units Participation, the Authorized Participants must issue a Creation Order in the required manner, addressed to the Management Company. In any event, Creation Orders shall not be considered as accepted until such time as the Management Company issues a Confirmation in favor of the Authorized Participant.

In this sense, Creation Units shall be authorized, the Share Units shall be created and the equivalent number of

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Documents Representing the Shares shall be issued, only when (i) a Creation Order is made out and duly sent to the Management Company on behalf of an Authorized Participant, and (ii) the Management Company accepts the Creation Order, by means of a Confirmation.

The Authorized Participant shall deliver to the Management Company on the third Trading Day following the Trading Day on which the Order of Creation is accepted (T+3), the Basket components reported in the Basket Composition File posted on the Management Company Web Site on the Trading Day of acceptance of the Order of Creation (T+0) by (i) the transfer of Transferable Assets, and (ii) the allocation of any Cash Amount, in accordance with the provisions of Chapter 5 of these Rules. The Management Company, on its part, shall deliver to the Authorized Participant, by registering the Account Entry, the number of Documents Representing the Shares issued, equivalent to each authorized Share Unit.

In the event that the transfer of Transferable Assets on T+3 involves Shares during their ex-dividend period, the Investor shall be deemed owner of such dividends and may retain same. In the event that the ex-dividend period begins on T+4 or later, the dividends shall belong to the Fund.

The Authorized Participant is entitled to transfer the Documents Representing the Shares to the different Investors in the secondary market, through the BVC trading system.

The Management Company will not accept Creation Orders sent on days that are not Trading Days, or during periods in which the negotiation through the systems of the BVC are suspended or restricted or when an extraordinary event occurs or any *force majeure* circumstance occurs that limits or restricts the negotiability of the shares and other securities included in the Fund Portfolio or any other circumstance that makes the determination of the Net Value of the Assets of the Fund impractical.

Creation Orders made totally or partially in cash, pursuant to Numeral numeral 5.1, shall be received by the Management Company at least two hours (2) prior to the official equity market closing times at Bolsa de Valores de Colombia (BVC). shall orders be accepted by the Management Company, they must be processed on the same trading day. In-kind creation orders shall be received by the Management Company no after the close of the same day equity trading session, times established by the (BVC), if accepted by the Management Company, they shall be processed on the same trading day. If a Creation Order is not accepted by the Management Company, it will not be processed. If a creation order is received after the deadline times stated herein, the Management Company may reject the Order in question.

Paragraph. Creation or Redemption Orders must be accepted within two hours following the receipt of the corresponding Creation Order or Redemption Order, with this period starting from the moment the document was received via the authorized channels.

#### 4.4. REDEMPTION OF CREATION UNITS

The redemption of Share Units equivalent to Creation Units and the cancellation of Documents Representing the Shares shall be requested only by Authorized Participants, whether for their own account or acting as brokers for Investors.

In order to redeem a Creation Unit, Authorized Participants must deliver to the Management Company Documents

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Representing the Shares whose redemption is requested, and which are equivalent to Creation Units.

In return, the Management Company will deliver to the Authorized Participant, on the third Trading Day following the Trading Day on which the Order of Redemption is accepted (T+3) the components of the Basket listed in the Basket Composition File published on the Management Company's Website on the Trading Day when the Redemption Order was accepted (T+0).

To redeem Share Units, Authorized Participants shall issue a Redemption Order in the appropriate form to the Management Company at least two hours (2) prior to the official equity market closing times at Bolsa de Valores de Colombia (BVC) for totally or partially cash orders in-kind redemption orders shall be received by the Management Company no-after the close of the same day's trading session; depending on whether the redemption is made in kind or totally or partially in cash in accordance with the provisions of this same Section. In the event that the Management Company does not receive a Redemption Order in the appropriate form within the stipulated time period, it shall be cancelled.

In any event, Redemption Orders shall not be considered as accepted until such time as the Management Company issues a Confirmation in favor of the Authorized Participant. Unless the Authorized Participant receives a confirmation that its order has been accepted by the Management Company, the Authorized Participant shall assume that such order has been rejected.

Similarly, the Management Company will not accept Redemption Orders submitted on days that are not Trading Days or any period during which trading through the trading systems of the BVC is suspended or restricted or when an extraordinary event occurs or any circumstances of *force majeure* which limit or restrict the negotiability of the shares and other securities comprising the Portfolio of the Fund or any other circumstance that makes determining the Net Asset Value of the Fund unfeasible.

Share Units shall be redeemed only when:

- i. a Redemption Order is made and duly sent to the Management Company by an Authorized Participant,
- ii. the Redemption Order has been duly accepted through a Confirmation by the Management Company.

Documents Representing the Shares equivalent, at least, to a Share Unit are transferred for cancellation to the Management Company.

On the third Trading Day following the Trading Day on which the Redemption Order is made (T+3), the Authorized Participant shall transfer to the Management Company, through the Account Entry registration, Documents Representing the Shares equivalent to each Share Unit being requested to be redeemed, expressed in a number equivalent to Creation Units.

Upon receipt of the Redemption Order, the Management Company will ask DECEVAL to cancel in advance the corresponding registration of Documents Representing the Shares.

The Management Company shall deliver to the respective Authorized Participant on the third Trading Day following the Trading Day on which the Redemption Order was accepted (T+3), the components of the Basket disclosed in the Basket Composition File published on the Website of the Management Company on the Trading Day on which it accepted the Redemption Order (T+0), through (i) the transfer of the Transferable Assets in accordance with the

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

procedures contained in these Rules, (ii) the allocation of the cash amount in Colombian Pesos in the SEBRA account indicated by the Authorized Participant corresponding to any Cash Amount that may form part of the Basket including cash amounts that are to be delivered in the event that the redemptions are made in cash in whole or in part in accordance with the provisions of Numeral 5.3 of these Rules.

In any event, Redemption Orders made partially or totally in cash according to Numeral 5.1 of these Rules and which are duly received and authorized by the Management Company at least two hours (2) prior to the official equity market closing times at Bolsa de Valores de Colombia (BVC), shall be processed on the same day. Similarly, the Redemption Orders in kind received by the Management Company before the close of trading on the BVC in the correct manner and which are authorized by the Management Company shall be processed that same Trading Day. In the event that a Redemption Order is received after the expiry of the period stated herein, the Management Company may reject that Redemption Order.

If the Fund receives significant net redemptions on a given Trading Day, it may in turn need to execute significant sales of equity positions that could result in losses to the Fund due to the potential illiquidity of the underlying equity positions. Accordingly, for the protection of Investors of the Fund, if the Fund receives net redemption orders on a Trading Day for a total number of units that exceeds 10% of the Fund, the Management Company may delay the redemption of units over this amount until the next Trading Day, or over as many Trading Days as necessary to limit the total Redemptions of each Trading day to a maximum of 10% of the Fund.

Paragraph. Documents Representing the Shares may be redeemed only by the Management Company, prior request of the Authorized Participants and in an aggregated manner, in terms of Creation Units.

4.5. BASKET COMPOSITION. The Basket equivalent to a Creation Unit will be published each Trading Day by the Management Company on its Website before the start of trading in securities classified as liquid instruments by the BVC.

The Portfolio Manager shall determine the Basket and it will generally be composed of Transferable Assets and Cash Amounts. It can also include Other Assets. The Basket can be totally or partially composed of Shares or other assets issued by associated entities of the Management Company.

In the event of extraordinary events or *force majeure* or acts of God, the Portfolio Manager will be empowered to make changes to the Basket that has been published, always tending to adhere to the investment policy.

In the event of extraordinary events or *force majeure* or acts of God, the Portfolio Manager will be empowered to make changes to the Basket that has been published, always tending to adhere to the investment policy. In such cases, the Creation Orders that have been duly issued by the Authorized Participant and remitted to the Management Company prior to the publishing of the changes to the Basket, will be evaluated before being accepted, considering the Basket published on the corresponding Trading Day on the Website before the opening of the cash round for effects classified as liquid instruments by the BVC.

First Paragraph. In the event of extraordinary events or *force majeure* or act of God that affect the negotiation of any of the shares making up the Basket, such as the suspension of their trading, the Portfolio Manager may replace the ~~corresponding shares with cash resources denominated in COP.~~

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Columbian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

Paragraph Two. During the Rebalancing Period, the Portfolio Manager may accept, in the creation of Documents Representing the Shares equivalent to Creation Units, stocks of companies included in the Index under the new Composition of the Index published by S&P or shares of companies excluded from the Composition of the Index according to the new Composition of the Index published by S&P.

#### 4.6. TRADING OF DOCUMENTS REPRESENTING THE SHARE UNITS.

Any domestic or foreign individual or legal entity, such as: mutual funds, Pension and Severance Funds, trusts, asset managers, as well as other investment entities, may purchase shares in the Fund, as Investors, in accordance with its own investment policy guidelines.

Each Investor is responsible for ensuring compliance with the investment rules when taking a decision to invest in the Fund and determining the amount to invest.

According to Article 3.4.15.1.5 of Decree 2555, Documents Representing the Shares are deemed to be securities under the terms of Article 2 of Law 964 of 2005 and will be automatically recorded in the National Register of Securities and Issuers and will be deemed to be automatically authorized for public offer. They will be listed on the BVC where they may be traded freely by Investors through the BVC trading systems, through any Stock Brokerage Company authorized to be a member of the BVC.

In order to trade Documents Representing the Shares in the secondary market, Investors must use Stock Brokerage Companies which are listed on the BVC web site [www.bvc.com.co](http://www.bvc.com.co), which also lists the contact details. All Stock Brokerage Companies will advise Investors about all matters connected to the trade, as set forth in Decree 2555.

The main function of Stock Brokerage Companies is to act as brokers for Investors when acquiring and/or transferring Documents Representing the Shares in the secondary market, without prejudice to trading on their own behalf. For this purpose, Investors shall, through a Stock Brokerage Company, place a purchase and/or sale order addressed to the market in general, in the same way as when acquiring and/or transferring any share listed on the BVC.

Any Stock Brokerage Company authorized by the SFC can carry out this function, even the Authorized Participants. Brokerage activities conducted by Stock Brokerage Companies may raise costs to the Investor.

Under no circumstances shall such costs be borne by the Fund, and it is up to each Investor to negotiate the terms and conditions for the provision of brokerage services by the Stock Brokerage Company of her or his choice.

Stock Brokerage Companies shall proceed as prudent and diligent experts, acting transparently, honestly, loyally, impartially, fittingly and professionally by virtue of the provisions set forth in Decree 2555. The Fund shall not be held liable *vis-à-vis* Investors for the Stock Brokerage Companies' compliance with these duties and with other rules that may be applicable to Stock Brokerage Companies.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

Paragraph. The Management Company is entitled to make any direct or indirect investment in the Fund provided that it discloses and manages such position in relation to the Documents Representing the Shares acquired in the Fund, in accordance with the provisions established in Article 3.4.1.1.22 of Decree 2555.

**4.7. SUSPENSION OF THE CREATION UNITS.** The Management Company may at its entire discretion suspend the creation of Share Units and the issuance of Documents Representing the Shares.

Notwithstanding the possibility set under Decree 2555 for the Investors' Meeting to decree the suspension of the redemption of Share Units and the cancellation of Documents Representing the Shares, the Management Company may determine the suspension of the redemption of Share Units and the cancellation of the Documents Representing the Shares, when events constituting *force majeure* occur or acts of God that prevent the redemption in the terms of these Rules. Such events constituting *force majeure* or acts of God include, but are not limited to, fortuitous events that affect the normal operation capacity of the payment systems, security negotiation systems, compensation and liquidation systems, security clearinghouses or Banco de la República. These decisions, along with their grounds, the suspension period and the procedure to reestablish redemptions, will be immediately informed through the Web Site and notified in writing to the SFC and DECEVAL. Furthermore, and as long as it is foreseen or that it is reasonably possible that the suspension will last for more than two Trading Days, on the same date of the decision, or as soon as reasonably possible, the Management Company will proceed to summon the Investors' Meeting to inform the reasons that led to the suspension and make known the contingency plans that will take place to counteract the effect of the *force majeure* events or acts of God that led to the suspension.

**4.8. ALLOCATION OF RESOURCES.**

The Management Company may distribute to Investors the greater value of the Fund's Share Units, solely and exclusively when decided by the Portfolio Manager. The Management Company shall announce the Payment Date and distribute to each Investor in the Fund the amount corresponding to each Share Unit held.

The effect of such distributions shall be a reduction in the Net Value of each Share Unit represented by the Documents Representing the Share in the Fund, not the number of Share Units of same.

**4.9. MECHANISMS FOR THE REPLACEMENT DUE TO DETERIORATION, PARTIAL DESTRUCTION, CANCELLATION DUE TO THEFT, ROBBERY AND TOTAL DESTRUCTION OF THE DOCUMENTS REPRESENTING THE SHARES.**

Since the issuing of the securities corresponding to the Exchange-Traded Fund is dematerialized, replacement due to deterioration, partial destruction, cancellation due to robbery, theft or total destruction and the replacement of the Share Title will not apply to this case.

**4.10. PREVENTION AND CONTROL OF THE RISK OF ASSET LAUNDERING AND FINANCING OF TERRORISM.**

According to the provisions of the CBJ, for the purposes of controlling the risk of laundering of assets and financing of terrorism, it will be necessary to take the following into account:

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.



a. Regarding the Fund and the Creation Orders, the Management Company will be responsible for applying the rules concerning the management of the risk of asset laundering and financial terrorism (*Sistema de Administración del Riesgo de Lavado de Activos y de la Financiación del Terrorismo* - SARLAFT).

Notwithstanding the above, given that the Authorized Participants are entities monitored by the SFC, the Management Company is authorized to exempt such clients from complying with SARLAFT, in accordance with the provisions of the CBJ;

b. In relation to transferring Transferable Assets as payment in kind to the Fund, the trading of Documents Representing the Shares on the secondary market, in relation to monitoring and applying the rules concerning the management of the risk of asset laundering and financial terrorism of the Investors, compliance will be the responsibility of the Authorized Participants and Direct Depositors of the Transferable Assets into DECEVAL, as these represent trades taking place outside the share trading systems, or the registration of securities operations, on dematerialized securities or fixed assets. The aforementioned Direct Depositors shall in all cases be entities supervised by the SFC.

In accordance with the provisions of Title I, Chapter Thirteen of the CBJ, concerning the trading of Documents Representing the Shares on the secondary market, the Stock Brokerage Companies are responsible for applying the instructions concerning the management of the risk of asset laundering and financing terrorism and for producing the reports stipulated in Title I, Chapter Thirteen of the CBJ.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

CHAPTER FIVE  
CONSTITUTION OF PAYMENTS

5.1. PAYMENTS.

When creating Share Units and issuing Documents Representing the Shares equivalent to Creation Units, the Authorized Participants must, for their own account or as brokers, provide the Management Company with all the components of a Basket pursuant to the provisions established in this Chapter.

- I. Delivery of Cash Amounts to the Fund: The Cash Amounts shall be delivered to the Fund on the third Trading Day following the Trading Day on which the Creation Order is accepted (T+3) in cash in Colombian Pesos by means of a credit to the SEBRA account defined from time to time by the Management Company.
- II. Delivery of Transferable Assets to the Fund: On the third Trading Day following the Trading Day on which the Creation Order is accepted (T+3), the Authorized Participant shall deliver the Transferable Assets to the Fund as a payment in kind. Delivery of Transferable Assets to the Fund will be made outside the BVC trading systems. In accordance with the provisions of Article 3.1.15.1.6 of Decree 2555, under no circumstances shall the transfer of such Assets as payment in kind to the Fund be considered as a trading transaction; therefore, it should not be performed via trading systems and does not require any prior authorization.

Without prejudice to the foregoing, in any event, at the discretion of the Portfolio Manager, it may be requested that the creation and/or redemption of Share Units equivalent to Creation Units, be made in whole or in part in cash, in the following cases:

- I. When the Authorized Participant or the Investor is legally prohibited from acquiring any of the components of the Basket that shall be delivered as Payment to the Management Company or is in any other way prevented.
- II. When, due to an absence of liquidity in one or more of the Basket's components that have to be delivered as Payment to the Management Company, the acquisition by the Authorized Participant or the respective Investor is prevented.
- III. When this type of creation facilitates the operation of the Fund, and when deemed reasonable by the Portfolio Manager.

When the Transferable Assets are contributed to the Fund totally or partially in Cash, the Portfolio Manager can, at its own discretion and as of the Trading Day on which the Creation Order is accepted by the Administrator (T+0), agree or make transactions for the value of such contributions. In any event, the delivery of this contribution in Cash must be made by the Authorized Participant on the third Trading Day following the Trading Day on which the Creation Order is accepted by the Authorized Participant to the Management Company (T+3), by crediting the SEBRA account established from time to time by the Management Company of the amount in Colombian pesos that is stipulated in the confirmation. This amount will correspond to the market price or acquisition price, as the case may be, of such Transferable Assets.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

## 5.2. CONTRIBUTION IN KIND FOR SETTING UP OF SHARE UNITS.

In order to create Share Units and issue Documents Representing the Shares equivalent to Creation Units, each Authorized Participant, either on its own behalf or acting as a broker, must provide the Fund with the components of the Basket for the respective Trading Day. In each case, the following procedure must be followed:

- I. When the respective Authorized Participant is acting as a broker for an Investor, the Investor shall deliver the Transferable Assets to the Authorized Participant. When the Authorized Participant is not the Direct Depositor of the respective Investor, the Direct Depositor must be changed.
- II. The registration of the Transferable Assets transferred to the Fund will be performed through the system managed by DECEVAL, in accordance with the procedures defined by the latter. This transfer will not need approval by the issuer of such Transferable Assets.
- III. The Authorized Participant must transfer, as payment to the account stipulated by the Management Company, any Cash Amount forming part of the Basket as well as any amounts corresponding to the purchase of the shares that correspond to the Transferable Assets when such contributions in whole or in part are made in cash according to the provisions set forth in Chapter 5.
- IV. Transferable Assets transferred in this way will remain under the control of the Fund's Management Company, which, in turn, shall create the Share Units and issue and deliver to the Authorized Participant the Documents Representing the Shares, as appropriate, and these units will be registered in DECEVAL's system by the Authorized Participant - subject to the authorization of the Management Company - under its name, or under the name of the investor for whom it is acting.
- V. If the date on which the Authorized Participant registers the Creation Order with the Management Company coincides with a date that is within the ex-dividend period of any share among those in the Transferable Assets, it shall be understood that the right to receive the dividends of such shares that are pending payment upon termination of such ex-dividend period corresponds to whoever holds title to the right to receive the dividends of the shares upon initiation of the ex-dividend period. When the Creation Order is registered before the initiation of the corresponding ex-dividend period, it shall be understood that the right to receive the dividends of such shares that are pending payment upon termination of such ex-dividend period will be the Fund's.

First Paragraph. If the Authorized Participant registers a transfer of Transferable Assets' operation in DECEVAL's system when creating Share Units equivalent to Creation Units, the prior authorization of the Management Company is required, and the said company will confirm that it has received a request to register the operation.

By registering the operation in DECEVAL's system, it is understood that the Authorized Participant certifies: (a) its status as the owner of Transferable Assets, or acting for their owner, as the case may be; (b) that the transfer of Transferable Assets is not subject to preferential rights; and (c) that the Management Company has approved the payment in kind to the Fund; and d) there is no pledge, lien or any other encumbrance in relation to the Transferable Assets.

DECEVAL never guarantees the legality of the operations performed by Authorized Participants in the system it manages. The Authorized Participant and the Management Company are solely and exclusively responsible for

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validating these operations.

Second Paragraph. Whenever the Authorized Participants act on behalf of third parties to request the creation of Share Units equivalent to Creation Units and the issuing of Documents Representing the Shares, each Investor must grant a mandate to the Authorized Participant to allow the said Authorized Participant to make, on behalf of the Investor, the corresponding payments in kind of the Investor's Transferable Assets in favor of the Fund, as well as the allocation of any Cash Amount, in accordance with these Rules.

Third Paragraph. The document granting this mandate to the Authorized Participant, will expressly state that the agent will assume any type of liability arising from the transfer. In any event, the contract regulating the relationship between the Investor and the Authorized Participant, or the document granting the power herein provided, must state expressly that DECEVAL will not be liable for the registration or the legality of the payments in kind made to the Fund, which is carried out by the Authorized Participant in the system managed by DECEVAL.

Fourth Paragraph. The Investor will request that the Authorized Participant transfers the Transferable Assets in favor of the Fund. In the event that DECEVAL's Direct Depositor of the Transferable Assets is not the relevant Authorized Participant, the Investor shall request DECEVAL's Direct Depositor to manage her or his securities, by registering the change of Direct Depositor, in favor of the corresponding Authorized Participant, who in turn shall be DECEVAL's Direct Depositor.

Fifth Paragraph. DECEVAL will report, in accordance with DECEVAL's Operating Rules and the current regulations, any creation and transfers of Share Units equivalent to Creation Units to the issuers of the shares corresponding to the Transferable Assets, after the operation has been carried out, so that the appropriate registry entries can be made.

### 5.3. REDEMPTION IN KIND TO AUTHORIZED PARTICIPANTS.

The procedure for redeeming Share Units equivalent to Creation Units and the consequent delivery of the Basket's components will follow the same rules, and the procedure shall be applied inversely, in the following way:

Once the Management Company receives a Redemption Order on a Trading Day from an Authorized Participant, the Management Company shall issue a Confirmation and then observe the following procedure:

- I. The Authorized Participant shall, through the system administered by DECEVAL, transfer the respective Documents Representing the Shares equivalent to the Creation Units that are to be redeemed.
- II. The Management Company shall cancel the Documents Representing the Shares and transfer the Transferable Assets to the DECEVAL account of the Investor under the management of the Authorized Participant who has sent the corresponding Redemption Order. This transfer will not require the approval of the issuer of the Transferable Assets, nor will it require any other prior authorization.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

- III. Redemptions of Transferable Assets can be made in cash by decision of the Portfolio Manager on the same grounds established for the cash contribution of Transferable Assets set forth in Chapter 5. In this event, the cash corresponding to the Transferable Assets must be delivered through the cash allocation of Colombian Pesos in the account indicated by the Authorized Participant, according to the provisions of Chapter 4.
- IV. Simultaneously transfer, and due to redeeming Share Units by order of the respective Authorized Participant, of any Cash Amounts forming part of the Basket at the time of requesting the corresponding Redemption Order.
- V. Transferable Assets transferred in this way will remain under the control of the corresponding Authorized Participant.
- VI. If the date on which the Authorized Participant registers the Redemption Order with the Management Company coincides with a date that is within the ex-dividend period of any share among those in the Transferable Assets, it shall be understood that the right to perceive the dividends over such shares that are pending payment upon termination of such ex-dividend period corresponds to the Fund.

First Paragraph. When Authorized Participants act as brokers for the redemption of Share Units equivalent to Creation Units, each Investor must grant a mandate to the Authorized Participant to allow it to perform, on behalf of the Investor, the respective transaction.

Second Paragraph. The document granting this mandate to the Authorized Participant will expressly state that the Authorized Participant will assume any type of liability arising from the transfer. In any event, the contract governing the relationship between the Investor and the Authorized Participant, or the document granting the power described herein, must state expressly that DECEVAL will not be liable for the execution of transactions carried out by the Authorized Participant in relation to the redemption of Share Units.

Third Paragraph. In accordance with DECEVAL's Operating Rules and these Rules, DECEVAL must inform the issuers of shares corresponding to Transferable Assets of any operations involving the creation and redemption of Share Units, after the operation has occurred, in order to perform any registrations required.

#### 5.4. DECEVAL.

The Documents Representing the Shares will be electronically registered and deposited with DECEVAL for management and custody. The depositing of Documents Representing the Shares through DECEVAL will be governed according to Law 27 of 1990, the applicable articles in Decree 2555, and the other regulations that modify or regulate this subject, as well as DECEVAL's Operating Rules.

The Documents Representing the Shares cannot be materialized and, therefore, Investors expressly waive the right to request the materialization of the Documents Representing the Shares.

Investors must sign a mandate contract with an entity authorized to act as a Direct Depositor in DECEVAL.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

The Documents Representing the Shares are represented by a macro title or global title under the custody of DECEVAL. Therefore, ownership of the Share Units will be established by the corresponding Account Entry of the Documents Representing the Shares made by DECEVAL.

When executing its duties, and in accordance with the applicable regulations relating to this matter and according to DECEVAL's Operating Rules, DECEVAL will issue, at the request of the Direct Depositors, a deposit certificate relating to the Documents Representing the Shares equivalent to Share Units managed and belonging to the corresponding Investor.

These certificates are not tradable documents, they cannot be used to transfer the ownership of the security or the right it incorporates, and only represent the securities deposited.

#### 5.4.1. DECEVAL's Duties.

DECEVAL will perform custody and management activities for the Documents Representing the Shares. Furthermore, it may carry out the following operating activities, when approved by the Management Company:

- a. Register a macro-title representing the Documents Representing the Shares.
- b. Register: (i) upon instructions from the Management Company, Documents Representing the Shares issued in the name of whoever buys them in the primary issue, as well as the cancellation of Documents Representing the Shares, when necessary; (ii) disposals and transfers of Documents Representing the Shares according to DECEVAL's Operating Rules; and (iii) charges and liens, for which the Investor, the Management Company and the Authorized Participants must follow the procedure set up within DECEVAL's Operating rules.
- c. Update the amount of macro titles or global titles deposited.
- d. Daily deliver to the Management Company reports directly generated from DECEVAL's system providing an updated list of the Fund's Investors.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Columbian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

CHAPTER SIX  
EXERCISE OF THE RIGHT TO VOTE

6.1. EXERCISING VOTING RIGHTS OF THE UNDERLYING INDEX ASSETS.

Exercising the voting rights relating to the underlying Index assets that the Fund acquires in compliance with the Investment Policy set forth in Chapter 2 of these Rules, will reside, according to the provisions of Article 3.1.3.1.3 of Decree 2555, with the Management Company, which will directly exercise or delegate same.

The Management Company will exercise such rights, following the express instructions given by the Portfolio Manager, and shall vote or abstain from voting in the various shareholders, as directed by the Portfolio Manager. In any event, exercising the political rights inherent in the underlying Index assets which the Fund may acquire will be carried out on behalf and for the account of the Fund.

The Portfolio Manager will make the decision of how to vote in accordance with its internationally applicable proxy voting policies used in relation to its international clients.

The Fund itself, and not the Investors, exercises the decision-making capacity regarding shares and other securities with voting rights derived from being Basket components and being acquired by the Fund, and will, therefore, be considered as the True Beneficiary of such securities. The decision-making capacity regarding shares and other securities with voting rights integrated in the Fund's Portfolio, means that the Fund has the authority or power to vote or order, manage and control the vote, as well as the authority or power to dispose of the shares and securities or order their disposal and any encumbrances.

Investors will not be able to exercise political rights over the shares and other securities with voting rights established as components of the Basket and acquired by the Fund, nor will they be able to order their disposal or encumbrance once the relevant transfer of payment is made to the Fund, through the corresponding Account Entry as per the procedure set forth in Chapter 5 of these Rules. Therefore, no Investor will be considered as a True Beneficiary.

Consequently, in order to determine the percentages or limits set forth in Colombian law and applicable to a True Beneficiary, the share of the Fund will need to be taken into account and not that of individual Investors.

For all intents and purposes, the following will apply to the Fund, and not to Investors due to the mere possession of holding shares in the Fund:(a) the duty of the issuer to disclose relevant information related to the participation of a True Beneficiary in the share capital of a company; (b) the limits particular to investment schemes for Investors, when applicable; and (c) any other rule or regulation that sets a limit or obligation upon the True Beneficiary of shares or other securities with voting rights.

In accordance with the provisions set forth in paragraph 3 of Article 6.15.2.1.1 of Decree 2555, the obligation to acquire by the means of a tender offer, under the terms stipulated in Decree 2555, does not apply to the Fund.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

In the event that an Investor decides to redeem her or his Share Units (through an Authorized Participant), receiving therefore the Basket components at the redemption time of the Share Units equivalent to Creation Units, the Investor shall be responsible for complying with the limits, restrictions or prohibitions set forth in any current regulation that may be applicable.

Thus, if the redemption of a number of Creation Units should mean a breach of these Rules, the Investor may choose to:

- I. Refrain from requesting the redemption of the Share Unit and proceed to sell her/his Documents Representing the Shares in the secondary market;
- II. Request the Authorized Participant, for its own account, to redeem the Share Units, to sell the Basket component assets that it cannot receive, and subsequently transfer the relevant money to the Investor.

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CHAPTER SEVEN  
DEFERRED INCOME

Any profit or loss generated through the purchase or sale of the Fund's shares to restructure its portfolio (intraday operations), as well as all the costs and expenses the Fund may incur by virtue of such operations, are to be posted temporarily as income or as deferred expense, as applicable, on the Fund's balance sheet.

This income or deferred expense is to be cancelled on the Trading Day immediately following the date when the respective purchase or sales operation occurred and will therefore be reflected on the Fund's income statement corresponding to this date.

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CHAPTER EIGHT  
VALUATION OF THE FUND

The valuation of the Fund will be performed according to the procedure defined by the Financial Superintendency of Colombia in Chapter XI of the CBCF (External Circular 100 of 1995).

8.1. INITIAL VALUE OF THE SHARE UNIT.

The initial value of the Share Units will be fifteen thousand Colombian Pesos (COP\$15,000).

8.2. VALUATION OF THE ASSETS IN WHICH THE FUND INVESTS.

The assets in which the Fund has invested shall be valued as per the valuation parameters applicable for each type of asset as determined in the CBCF. The valuation of the investments must daily on all each Trading Day, unless the CBCF or another applicable rule indicates a different frequency. The respective information will be updated daily on the Website of the Management Company. In particular, the Fund's investments in the form of debt securities and/or equity will be valued as per the provisions set forth in Chapter I of the CBCF, and active money-market operations will be valued in accordance with the provisions of Chapter XIX of the CBCF.

These are the current reference chapters applicable, as well as any rules that modify, supplement or replace them.

8.3. VALUATION OF THE FUND

8.3.1. VALUE OF THE FUND AT THE CLOSE OF DAY t.

The net value of the Fund, also known as closing value at the end of the Trading Day, shall be calculated on each Trading Day, and shall be determined by the total pre-closing value on the day of the operations, plus Contributions received, less withdrawals, redemptions, cancellations and withholdings at source.

The value of the Fund at the closing of the valuation period shall be calculated in accordance with the following formula:

$$VFC_t = VFC_{t-1} + \text{Asset Elements day } t - \text{Liability Elements day } t + VOC_t - VOR_t$$

Where:

$VFC_t$  = Value of the Fund at the closing of day t.

$VFC_{t-1}$ , = Value of the Fund at the closing of day t-1.

$VOC_t$  = Value of the Basket corresponding to the Creation Orders accepted by the Management Company from

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Authorized Participants on Day t, in accordance with the valuation parameters for each type of asset determined in the CBCF.

$VOR_t$  = Value of the Basket corresponding to the Redemption Orders received by the Management Company from Authorized Participants on Day t, in accordance with the valuation parameters for each type of asset determined in the CBCF.

Paragraph. The Net Value of the Fund shall be expressed in Colombian Pesos (COP) per Share Unit at the value of the Share Unit prevailing for transactions on that day.

#### 8.3.2. PRE-CLOSING VALUE OF THE FUND ON DAY.

The Pre-Closing Value of the Fund on Day t shall be calculated based on the Net Value or closing of operations of the previous day, plus the net returns paid during the day (revenue minus expenses), in accordance with the following formula:

$$PCF_t = VFC_{t-1} + RD_t$$

Where:

$PCF_t$  = Pre-Closing of the Fund on Day t.

$VFC_{t-1}$  = Value of the Fund at the closing of operations on Day t-1.

$RD_t$  = Returns on Day t in Colombian pesos (COP) (income minus expenses of the Fund).

Any profit or loss in the valuation of assets must be based on the benchmark and margin prices or rates, published on Day t and expressed in Colombian Pesos (COP)

#### 8.4. VALUE OF THE SHARE UNIT.

The value of the Share Unit, current for the Trading Day and applicable to transactions made on this date, shall be determined by the Pre-Closing Value of the Fund divided by the total number of Documents Representing the Shares at the start of the day. The result will correspond to the value of the current Share Unit for the day and shall be applicable to transactions made on this day.

In accordance with the above, the value of the Share Unit current for day t will be calculated as follows:

$$VUO_t = PCF_t / (NUC_{t-1} + NUPC_{t-1})$$

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Where:

$VUO_t$  = Value of the Share Unit for operations during Period t.

$PCF_t$  = Pre-Closing of the Fund in Period t.

$NUC_{t-1}$  = Number of Documents Representing the Shares of the Fund at the closing of operations of Period t-1.

$NUPC_{t-1}$  = Number of Share Units of the Fund still to be issued or redeemed at the close of operations of Period t-1, in accordance with the Creation Orders and Redemption Orders received by the Management Company from Authorized Participants between Period t-3 and Period t-1.

#### 8.5. VALUATION FREQUENCY.

The valuation of the Fund will be calculated daily.

#### 8.6. DISCLOSURE OF VALUATION DATA.

Information relating to the value of the current Share Unit, the value of the Fund, the assets forming it, commissions and other costs, and admissible expenses paid with the managed assets, shall be disclosed daily in the Account Statement Report as well as on the Management Company's Website.

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CHAPTER NINE  
EXPENSES AND REMUNERATION

9.1. LIST OF FUND COSTS AND EXPENSES

The following are the costs and expenses that are charged to the Exchange-Traded Fund and must be assumed by it:

- I. The cost of the contract of the deposit for all securities comprising the portfolio of the Fund.
- II. Costs and expenses relating to the securities issued by the Fund, as well as their registration in the National Securities and Issuers Registry and the BVC, and their deposit, custody and/or management and issuance at DECEVAL.
- III. The cost of the contract of custody of securities comprising the portfolio of the Fund.
- IV. The remuneration of the Management Company and the Portfolio Manager of the Fund.
- V. Taxes levied upon assets, rights, financial instruments, securities, shares or Income of the Fund.
- VI. Correspondence costs and expenses incurred in the interest of the Fund or Investors.
- VII. Fees and expenses incurred by the Statutory Auditor.
- VIII. Fees and expenses incurred for legal defense and, in general, defending the interests of the Fund and the assets and financial instruments that form part of the Fund, when the circumstances so require.
- IX. When applicable, the fees and expenses incurred by the Fund's external auditor, which must be disclosed to Investors.
- X. Banking expenses incurred from depositing or transferring the Fund's resources.
- XI. Expenses relating to the valuation of the Fund's assets and financial instruments.
- XII. The expenses corresponding to the Management and Administration Commission are those set out in Numeral 9.2 of these Rules.
- XIII. Expenses incurred in summoning, holding and running the Investors' Meetings, unless the call is made in circumstances attributable to the Management Company, such as the taking of possession by the Management Company, the order to dismantle its operations or an order from the SFC to liquidate the Fund.
- XIV. Commissions and fees required for acquiring or transferring the assets and completing the transactions of the Fund.
- XV. Expenses incurred for the purposes of exercising the political rights inherent to the shares and other securities forming part of the Fund's Portfolio, including traveling expenses to attend shareholders' meetings corresponding to the shares that form part of the Fund's Portfolio.
- XVI. Expenses, commissions and financial compensation to be paid for transactions on a securities exchange or through centralized transaction systems or systems for the recording of securities transactions or active repurchase or repo-transactions, simultaneous trades and temporary transfers of securities, and for covering the costs of exchange rate hedging transactions to be performed.
- XVII. Expenses associated with the liquidation of the Fund, including the payment or fees of the duly appointed receiver, when the liquidation is not carried out by the Management Company.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

- XVIII. Expenses incurred for hedging or derivatives.
- XIX. Expenses involved in any publications, reports, accounts and documents required in accordance with the Law and these Rules, unless such publications have to be made as a result of circumstances attributable to the Management Company, such as the taking of possession by the Management Company, the order to dismantle its operations or an order from the SFC to liquidate the Fund.
- XX. The expenses incurred to adjust the Fund or its administrative or operational structure to the requirements that are imposed through regulatory changes.

Paragraph: The expenses attributable to an Investor for the generation of additional information to that which is stipulated in the Rules, the transactions or services for a particular Investor and any other expense which the Fund has to incur to attend the requests or needs of a specific Investor may be charged to such Investor by reducing the value of the investment, at the same time informing the Investor the value and the justification of the charge by email or to the latest address for correspondence registered by the Investor.

## 9.2. COMPENSATION OF THE MANAGEMENT COMPANY AND PORTFOLIO MANAGER

The Management Company and the Portfolio Manager will receive a Management and Administration Commission (the "Commission") as the only reward for the management and administration of the Fund.

The Commission will be calculated and generated on a daily basis and will be paid monthly in arrears within the first five (5) business days of the month following its causation by direct debit from the Fund by the Management Company which will be responsible in turn, for making the transfer of the Portfolio Manager's share.

The amount of the Commission charged to the Fund will be calculated by applying the following escalated system according to the value of the Fund:

- a. Zero-point five five percent annually (0.55%) calculated over the Value of the Fund for the previous day up to two trillion five hundred billion Pesos legal tender (\$ 2,500,000,000,000).
- b. If the Value of the Fund for the previous day exceeds the sum of two trillion five hundred billion Pesos legal tender (\$ 2,500,000,000,000), zero-point five percent annually (0.50%) will be calculated over the additional Value of the Fund.

First Paragraph. In any event, the amount of the Commission may be less than the maximum amount established above, allowing it to be reduced in accordance with the policies of the Portfolio Manager without requirement of the prior consent of the Investors' Meeting.

Second Paragraph. The maximum amount established above does not include sales tax (VAT), which, in all cases, will constitute one of the main costs or expenses of the Fund.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

## CHAPTER TEN

### FACULTIES, RIGHTS AND OBLIGATIONS OF THE MANAGEMENT COMPANY

The Management Company, in managing the Fund's resources, acquires obligations of due diligence, rather than of guaranteed performance. Therefore, the Management Company shall refrain from guaranteeing, by any means, a fixed rate for its holdings, as well as guaranteeing returns for valuation of the assets forming the Fund.

The Management Company shall manage the Fund's resources, as would a prudent and diligent expert, taking reasonable care consistent with the appropriate management of the funds received from Investors.

#### 10.1. OBLIGATIONS OF THE MANAGEMENT COMPANY.

In performing its management activities, the Management Company shall be responsible, apart from the obligations set forth in Decree 2555, as well as the obligations imposed upon it by any other applicable regulation, for the following duties:

- I. Entering into, prior instructions and approval by the Portfolio Manager, the Authorized Participant Contracts and other relevant agreements with the Authorized Participants, in order that the latter may be associated with the Fund in such capacity.
- II. Complying with the instructions delivered by the Portfolio Manager, in accordance with the provisions established in these Rules and in the agreements entered into between the Management Company and the Portfolio Manager, as well as timely executing all the operations and/or transactions that must be executed, in accordance with the instructions of the Portfolio Manager.
- III. Acting in accordance with the standard imposed by article 3.1.1.1.2 of the Decree 2555.
- IV. Maintain currently all authorizations, registers and approvals needed to carry out its functions as a Society Administrator.
- V. A daily Monitoring of the investment limits compliance and regulatory requirements that covers the Fund.
- VI. To subscribe by instructions of the Professional Manager, contracts with liquidity trainers. Issuing Confirmations in relation to Creation Orders and/or Redemption Orders received by the Fund.
- VII. Issuing and redeeming the Documents Representing the Shares as per the Creation Orders and the Redemption Orders it receives from the Authorized Participants, in accordance with the procedure set forth in Chapter 4 of these Rules (except for those cases where it decides to suspend the issuing of Documents Representing the Shares according to the provisions of Chapter 4 *ibidem*).
- VIII. Dedicating its management activities exclusively to the interest of Investors.
- IX. Creating Share Units and issuing electronically registered Documents Representing the Shares and other securities included in the Fund's Portfolio and inform DECEVAL of the amounts to be entered into the accounts in favor of each Authorized Participant or Investor, as appropriate, in compliance with the stipulations set forth in Decree 2555 and any amendment, additions or replacement thereof, and DECEVAL's Operating Rules, as well as these Rules.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

- X. Publishing the Basket Composition File on the Website every Trading Day, before the opening of the cash dealing session for stock classified as liquid instruments of the BVC.
- XI. Exercising any political or economic rights inherent to the managed assets, as per the instructions given for that purpose by the Portfolio Manager and in accordance with the provisions set forth in these Rules.
- XII. Calculating, at the Fund's cost, the valuation of the Fund and its Share Units, including calculating the net asset value of the Fund each day, in accordance with the provisions of these Rules, Decree 2555 and the instructions of the SFC.
- XIII. Maintaining the accounts of the Fund separately, in accordance with the rules specifically established by the SFC, and keeping the respective books updated on a daily basis.
- XIV. Providing for the adequate handling of information relative to the Fund and the other mutual funds it might manage in order to avoid conflicts of interest and improper use of privileged information, including the necessary reserve or confidentiality.
- XV. Training all individuals contractually related to the entity and involved in the operations or sales force of the Fund.
- XVI. Reporting to the SFC on a timely basis events or situations that prevent the normal operation of the Fund or the satisfactory performance of its duties as Management Company, or the occurrence of one or more causes giving rise to the liquidation of the Fund. Such notice must be given immediately upon occurrence of the event, or on the date it was reported or should have been reported.
- XVII. Submitting to the Investors' Meeting, when appropriate, all information needed to establish the status of the Fund. In any event, it shall at least: (i) submit the basic financial statements for general purposes; and (ii) inform every Investor the Share Units owned by it on the date of the meeting.
- XVIII. Ensuring that the personnel bound to the Management Company fulfill their obligations and duties in managing the Fund, including the rules of corporate governance and conduct, and other rules established in the procedural manuals.
- XIX. Adopting necessary, appropriate and sufficient control measures and rules of conduct oriented toward preventing investment in the Fund from being used as an instrument for hiding, manipulating, investing in or in any way benefiting from money or other assets originating from criminal activities, or giving the appearance of legality to criminal activities or to transactions and funds associated therewith.
- XX. Maintaining manuals on internal control, corporate governance, including the code of conduct, and other manuals needed to fulfill the current Rules.
- XXI. Refraining from engaging in discriminatory or unfair practices among Investors in the Fund.
- XXII. Fulfilling in their entirety the other necessary aspects for the adequate administration of the Fund.
- XXIII. Organizing and summoning the Investors' Meeting, and attending its meetings, pursuant to these Rules.
- XXIV. Generating and disclosing all relevant information to Investors, as per the applicable regulations and these Rules, which will be published on the Website of the Management Company.
- XXV. Preparing and providing Investors with the account statement report on the management of the Fund, as stipulated by the applicable Rules and by Chapter 13 of these Rules.
- XXVI. Supplying the Fund's relevant information to the market, in accordance with the terms of Article 5.2.4.1.5 of Decree 2555.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Columbian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.



- XXVII. Ensuring that the Fund complies with local legislation and the investment policy determined in these Rules, on a daily basis, and also ensuring compliance with the applicable laws and regulations pertaining to money laundering and financing terrorism, and the know your customer policies.
- XXVIII. On a daily basis, preparing and delivering to the Portfolio Manager, all the information relating to the Fund, as requested by the Portfolio Manager.
- XXIX. Preparing and delivering reports to the BVC, to the SFC and to any other administrative or regulatory entity, as applicable, as well as supplying auditors and/or the statutory auditor with the information required to audit the Fund each year, or to conduct another special audit.
- XXX. Delivering for safekeeping the assets of the Fund's Portfolio to DECEVAL.
- XXXI. On a daily basis, calculating the daily available cash in the Fund, and informing the Portfolio Manager of such amounts.
- XXXII. Timely informing the Portfolio Manager about any corporate event, including mergers, spin-offs, etc. occurring in relation to any of the underlying assets of the Fund; and following any instructions to this effect issued by the Portfolio Manager.
- XXXIII. Timely paying and charging this to the Fund, any expense that shall be paid by the Fund, in accordance with these Rules.
- XXXIV. Applying the regulations regarding the identification, administration and monitoring of the market and liquidity risks set forth in Chapters VI and XXI of the CBCF.
- XXXV. Exercising the safeguarding, care and supervision of the securities and cash resources that any and all Investors entrust to the Management Company to be invested in the Fund.  
Such safeguarding includes managing the Investors' bank accounts in order to perform the clearing and settlement of transactions made on the securities subject to custody.
- XXXVI. Collecting the yields, dividends, and capital associated with the Fund's securities.
- XXXVII. Verifying compliance with the norms of the Fund Rules, and the limits, legal restrictions and prohibitions applicable to the operations of the Fund and that relate to the Fund's securities.
- XXXVIII. Making the entry in the respective account of the Investor concerned.
- XXXIX. Issuing orders as required for the operation of bank accounts in which to deposit Fund monies in order to clear and settle transactions made on the securities acquired or delivered by the Fund.
- XL. Refraining from conducting prohibited operations in the management of the Fund's securities and ensuring compliance with the rules applicable to restricted and / or prohibited operations.
- XLI. Complying with tax and foreign exchange obligations of the Fund in respect of the Fund's securities.
- XLII. Valuating the Portfolio of the Fund and its shares according to the provisions of these Rules, other applicable regulations and guidelines issued by the SFC.
- XLIII. Any others, as may be stipulated in these Rules, Decree 2555 and the other regulations governing the management of collective portfolios or mutual funds.

Paragraph: The Management Company, as a prudent and diligent expert, will be liable for ordinary negligence in the performance of its functions. The obligations of the Management Company related to the management of the Fund will be of due diligence and not of guaranteed performance. The Management Company will be liable for ordinary

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negligence in the selection and choosing of the Portfolio Manager and for its adequate supervision. The investment decisions will be borne by the Portfolio Manager.

#### 10.2. FACULTIES OF THE MANAGEMENT COMPANY IN ITS CAPACITY OF FUND MANAGER.

The Management Company is empowered to:

- I. Call the Investors' Meeting.
- II. Prior agreement with the Portfolio Manager, modify these Rules pursuant to current regulations.

#### 10.3. GROUNDS FOR DISMISSAL OF THE MANAGEMENT COMPANY

The following shall be grounds for dismissal of the Management Company:

- I. The Management Company's impossibility or inability to continue fulfilling its obligations.
- II. Non-performance, fraud or ordinary negligence by the Management Company, provided such shortcomings have been pronounced by a court or by a court of arbitration in the last resort.
- III. Gross non-performance, duly established, by the Management Company, of any of its obligations set forth by Decree 2555 or in these Rules, when such non-performance has not been remedied within two months following the notification or occurrence of the relevant event, as applicable. The period for remedying the breach will apply provided such breach is not the result of fraud or gross negligence of the Management Company.
- IV. By decision of the Investors' Meeting.

In the minutes of the Investors' Meeting at which the decision or verification of grounds for dismissal of the Management Company is finalized, the following shall be recorded: (i) the grounds claimed for removing the Management Company; and (ii) the reasons behind such grounds.

First Paragraph. Whenever it is considered that the reasons for dismissal set out in Numeral i above may be mitigated or corrected, a four-month period of grace shall be granted to the Management Company to remedy the situation in question. If, at the end of the aforementioned period, the situation has not been remedied, the Investors' Meeting may dismiss the Management Company.

It will not be possible to mitigate or remedy the cause of removal set forth in Numeral i above whenever the Management Company's impossibility or incapacity arises due to gross negligence, willful misconduct or ordinary negligence on its part.

Second Paragraph. The Management Company shall be liable for any losses that incurred to the Fund, provided that the misconduct, fraud or ordinary negligence is confirmed by a judicial or arbitral authority, as appropriate.

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CHAPTER ELEVEN  
THE PORTFOLIO MANAGER

When managing the Fund and the investments therein, the Portfolio Manager assumes obligations of due diligence rather than guaranteed performance. Therefore, the Portfolio Manager shall refrain from guaranteeing, by any means, a fixed rate on its holdings, as well as guaranteeing returns from the value of the assets in the Fund.

11.1 DUTIES OF THE PORTFOLIO MANAGER. The duties of the Portfolio Manager are the following:

- I. Working in a professional manner, with the due diligence and prudence required of experts in the management of portfolios and management of assets acceptable for investing specified in these Rules and ensuring compliance with the Fund's investment policy.
- II. Preserving the principle of legal confidentiality in relation to the business and other information made available whilst carrying out such duties.
- III. Keeping the standards related to conflicts of interest and refraining from carrying out operations that fail to respect such interests.
- IV. Proposing to the Investors' Meeting the removal of the Management Company for any of the reasons set forth in these Rules, or for any failure to fulfill its obligations or the terms of the contract agreed with the Portfolio Manager.
- V. Executing the investment policy of the Fund, in accordance with the Rules.
- VI. Managing and handling the Fund's investments and disinvestments, as per the Investment Policy set forth in these Rules.
- VII. Managing the Fund's Portfolio and defining the investment policies to comply with the Investment Policy outlined in these Rules and in such a way that it obtains returns that generally correspond to the performance (before expenses and taxes) of the Index.
- VIII. Directly or through any third party, calculating the Basket, whose composition shall be announced in the Basket Composition File published on the Website of the Management Company each Trading Day, before cash trading in securities classified as liquid instruments of the BVC.
- IX. Deciding and renegotiating the operations and contracts required to duly execute the investment policy outlined in Chapter 2 of these Rules.
- X. Providing appropriate instructions to the Management Company with regard to the acquisition, disposal or any type of transfer of or lien upon the assets of the Fund in order to duly execute the Investment Policy described in Chapter 2 of these Rules, always within the limits and Rules established herein.
- XI. Instructing the Management Company about the political rights inherent to the securities in which the Funds invests, as well as with regard to voting, when appropriate.
- XII. Ordering the Management Company to enter into contracts with liquidity firms.
- XIII. Proposing revisions and changes to the Rules, which must be approved by the Management Company's Board of Directors, pursuant to the provisions of Chapter 16 of these Rules.

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- XIV. Instructing the Management Company, at its own discretion, to distribute the Fund's income, in accordance with the dispositions stipulated in Chapter 4 of these Rules.
- XV. Join the Administering Society in the promotion of the Fund in accordance with the decisions provided by the Board of the Management Company.
- XVI. Instructing the Management Company to perform any other action, transaction or enter into any contract required for the satisfactory operation of the Fund.
- XVII. At its discretion open accounts in the name of the Fund with selected brokers and instruct them to conduct the Fund's transactions, with regard to investing and/or selling the Fund's assets.
- XVIII. Providing information to the Management Company on a daily basis regarding the transactions performed on the Trading Day in question, in order to allow the latter to complete and account for such transactions.
- XIX. Instructing the Management Company to use special procedures such as suspending the creation and/or redemption of Share Units through Documents Representing the Shares equivalent to the Creation Units referred to in Chapter 4 of these Rules.
- XX. Determining, from time to time, the amount of Share Units equivalent to each Creation Unit in order to achieve the following: (i) facilitating the creation and/or redemption of Share Units through Documents Representing the Shares equivalent to Creation Units; and (ii) minimizing costs.
- XXI. Timely delivering to the Management Company the information that needs to be sent to Investors and to the SFC, as well as delivering all other types of information the Management Company requires to perform its duties; furthermore, it is responsible for guaranteeing that the content of the information delivered complies with the conditions stipulated in these Rules.
- XXII. Furnishing the Management Company with all information concerning the Fund required for the adequate fulfillment of the functions of the Management Company and resolving any doubts of the Management Company in this respect, without prejudice to the relevant liability of the Management Company.
- XXIII. Complying with the guidelines, mechanisms and procedures indicated by the Board of the Directors of the Management Company, within its area of competency, and monitoring compliance by other people contractually engaged to perform such management duties.
- XXIV. Appointing the ideal team to execute the obligations and exercise due supervision of same.
- XXV. Informing the SFC about any events rendering it difficult or impossible to perform such duties, after informing the Board of Directors of the Management Company.
- XXVI. Contacting the Board of Directors of the Management Company when its intervention is required, to guarantee the satisfactory management of the Fund.
- XXVII. Considering the policies devised by the Board of Directors of the Management Company when identifying, assessing, managing and administering risks, in accordance with the CBCF, when applicable and compatible with the nature and dynamics of exchange-traded funds.
- XXVIII. Delivering a detailed and comprehensive report on the management of the Fund to the Management Company, for compliance with the account reporting obligations of the Fund, as referred to in Chapter 13 of these Rules.
- XXIX. Informing the Management Company on a daily basis on the current composition of the Basket for the Trading Day in question, for the purposes of issuing or redeeming Documents Representing the Shares equivalent to Creation Units.
- XXX. Proposing to the Investors Assembly the removal of the Management Company.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

Paragraph. The obligations of the Portfolio Manager are ones of due diligence rather than of guaranteed performance, and its liability is one of ordinary negligence.

#### 11.2. GROUNDS FOR REMOVAL OF THE PORTFOLIO MANAGER.

The following shall be grounds for removal of the Portfolio Manager:

- I. When the Portfolio Manager is permanently unable or incapable of fulfilling its obligations, or when any event occurs that prevents it completely from fulfilling its corporate purpose, in both cases the cause cannot be remedied.
- II. The inability or temporary disability for the Portfolio Manager to continue to meet its obligations, or any event that temporarily prevents it from continuing to fulfill its corporate purpose as long as this situation has not been remedied within six months from the notification or occurrence of relevant fact, as applicable. During such period the functions of the Portfolio Manager will be fulfilled temporarily by a new portfolio manager appointed by the Board of Investors from a list prepared by the Portfolio Manager. If the Portfolio Manager's inability or incapacity to continue fulfilling its obligations arises from fraud or gross negligence of the Portfolio Manager, the remedial period established herein shall not apply.
- III. When the Portfolio Manager or its legal representatives are found guilty of committing any crime, including though not limited to, fraud.
- IV. When a Court of Arbitration or any legal authority finds the Portfolio Manager or its legal representatives guilty of a serious breach of the obligations set forth in these Rules, and when the said serious breach is considered as negligence or fraud, in accordance with the applicable standard of liability.
- V. When, by reason of a procedure requesting declaration of bankruptcy or any other procedure pursuant to any laws regarding bankruptcy or the like that may imply the total suspension of payment to creditors: (i) it is dissolved (except pursuant to a restructuring, integration or merger); (ii) the above is brought or has been brought against it by a regulator, supervisor or similar entity with primary insolvency, recovery or regulatory jurisdiction over such party in its jurisdiction of incorporation, or (iii) a petition for dissolution or liquidation by a party or such regulator, supervisor or similar entity.

The minutes of the Investors' Meeting at which the decision or the verification of grounds for removal of the Portfolio Manager is finalized, shall record: (i) the grounds claimed for removing the Portfolio Manager; and (ii) the reasons for such grounds.

Paragraph: When the removal of the Portfolio Manager occurs, and S&P decides not to license the Index to the new portfolio manager and/or to the Management Company, such that the Sub-License Contract also terminates, the Management Company may, for its own account and through a new portfolio manager, replace the Index for another index of similar characteristics. In any event, the new index shall correspond to those prepared by foreign stock exchanges or entities with experience of not less than ten (10) years in this matter and audited or supervised by the regulatory/supervisory bodies of the countries in which they are incorporated. The change of Index shall be approved by the Investors' Meeting.

#### 11.3. PROCEDURE FOR REMOVING THE PORTFOLIO MANAGER.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

When removing the Portfolio Manager by virtue of one or more reasons, the Fund will be required to pay the Management Commission incurred up to that date by the Portfolio Manager.

In such cases, the Management Company shall recommend a new portfolio manager for the Fund and convene an Investors' Meeting to elect the replacement portfolio manager, in accordance with these Rules. In the meeting, the Portfolio Manager may suggest a replacement. The Portfolio Manager's recommendation mentioned above may be considered as long as the Portfolio Manager's removal has not been caused due to willful misconduct or gross negligence.

The replacement Portfolio Manager will be contracted using the same criteria of suitability and experience that were required for the Portfolio Manager. A replacement portfolio manager must be selected within thirty (30) calendar days following the minutes of the Investors' Meeting in which the decision was taken to remove the Portfolio Manager. If a replacement manager has not been elected within the next thirty (30) days, the Investors' Meeting can meet on an extraordinary basis to grant an additional period to elect a replacement manager. To allow the Fund's operation to continue normally, the Portfolio Manager must provide a period of at least thirty (30) calendar days for her/his replacement and transfer the company duties to any entity appointed to manage the Fund.

The Portfolio Manager shall be liable for any damage to the Fund caused by ordinary negligence, provided that the said negligence has been definitively confirmed by a legal or arbitral authority, as appropriate.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Columbian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

## CHAPTER TWELVE

### THE INVESTORS

#### 12.1. AUTHORITY AND RIGHTS.

In addition to those expressly agreed to in these Rules, and those assigned by special regulations, by regulations of financial consumer protection and regulations for the protection of investors in the stock market, the Investors shall have the following rights:

- I. Sharing in the economic results generated during the ordinary course of the Fund's operations.
- II. Inspecting the Fund's documents provided these are not private documents, once every six months, as of the start of operations. To this end, Investors shall have the opportunity to exercise this right within fifteen business days after the end of the respective six-monthly calendar period. In any event, the right of inspection shall under no circumstances be extended, pursuant to Numeral 2 of Article 3.1.5.5.1 of Decree 2555, to information that refers to other Investors of the Fund, which may never be consulted by Investors other than the interested party, or to information regarding which the Management Company or Investment Committee must maintain confidentiality, including, but not limited to, confidential information relating to the Fund's operations and investments.
- III. Trading the Documents Representing the Shares representing their Share Units in accordance with its circulation law and in compliance with the other rules stipulated in these Rules and the applicable regulations.
- IV. Attending and exercising their corresponding political rights in the Fund at the Investors' Meeting.
- V. Receiving information under the terms of these Rules.
- VI. Requesting the convening of the Investors' Meeting under the terms established in this Chapter.
- VII. Receiving equal treatment when they are in equal objective circumstances with other investors in the same mutual fund.
- VIII. And any others provided for in the applicable regulations or in these Rules.

Paragraph. Investors may not request the redemption of their Share Units when these do not have the number equivalent to a Creation Unit nor in days other than Trading Days. However, they may trade their Documents Representing the Shares on the secondary market according to the provisions set forth in Numeral 4.6 of these Rules.

#### 12.2. DUTIES OF THE INVESTORS.

The duties of the Investors in the Fund are as follows:

- I. Observe and comply with the provisions of the adhesion contract and of these Rules.
- II. Fully and timely supply the information and documents requested by the Authorized Participants, the Management Company or the Portfolio Manager, particularly that which is required by law and the Financial Superintendency to prevent laundering of the assets resulting from criminal activities. The Investor is also obliged to update her or his information and documentation at least once a year and every time it is modified.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Columbian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

- III. Pay the sums that make up the Basket to the Authorized Participant according to the procedure set forth in Chapter 5 herein.
- IV. Fully comply with the provisions of the SARLAFT Manual of the Management Company which incorporate the stipulations set forth in Chapter 11, Title 1, of the CBJ.
- V. Others deriving from these Rules and current legislation.

First Paragraph. In general, the Investors authorize the Authorized Participants to make the consultations before the Credit Bureau (*Central de Riesgo de Instituciones Financieras*), in observance of the obligations provided in Chapter 11, Title 1, of the CBJ, issued by the Financial Superintendency and any regulations that substitute, complement or are added thereto.

Second Paragraph. The Investor declares that all the information provided to the Authorized Participants through her or his adhesion to these Rules, is true and contains no material omissions. The Investor also swears under oath that shall be deemed given upon signing the Adhesion Contract, that the funds delivered to the Authorized Participants to make the investments are of good quality and not the product of illegal activities as the latter are described in the Penal Code and all the regulations that modify, complement or are added thereto.

### 12.3. INVESTORS' MEETING.

The Investors' Meeting of the Fund will be constituted by the respective Investors, and meet subject to the quorum and under the conditions established in these Rules, and where not established therein, the regulations set forth in Decree 2555 and the Commercial Code shall apply, as provided for corporate shareholders' meetings, provided they are not contrary to the nature of the Fund.

### 12.4. SESSIONS OF THE INVESTORS' MEETING.

The Investors' Meeting shall ordinarily be held at least once a year or whenever called exceptionally. The call shall be made in all cases by the Management Company, by the Statutory Auditor, by the Portfolio Manager, by Investors of the Fund representing no less than twenty-five percent (25%) of the Fund's Share Units, or by the SFC.

For ordinary meetings, the call to the Investors' Meeting shall be published by the Management Company in a nationally-circulated newspaper and on the Website, at least fifteen (15) business days prior to the date of the Investors' Meeting. The notice to attend must contain the date, time and place of the meeting, the agenda, and the party requesting the convening of the meeting.

The call to an extraordinary meeting shall be made at least ten (10) business days beforehand. The Investors' Meeting shall be held in the city of Bogotá D.C. at the place and for the purposes the Management Company has announced in the respective call to attend.

In the cases of an Investors' Meeting that is to evaluate a merger project of the Fund, the call shall be made pursuant to the provisions of Numeral 17.2 of these Rules.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Columbian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.



The Investors' Meeting may decide with a plural number of Investors representing at least seventy percent (70%) of the Share Units into which the capital of the Fund is divided, and the decisions of the Investors' Meeting shall be taken by favorable vote of half plus one of the Share Units present or represented at the respective meeting. Each Share Unit grants the Investor one vote. For deliberative and decision-making quorum purposes indicated herein, no account shall be taken of the Share Units related to investments of the Portfolio Manager, its parents, subsidiaries or affiliates, of the Management Company, nor of the members of the Investment Committee.

If, after convening an Investors' Meeting, it cannot be held due to lack of quorum, the Management shall call a second meeting, to be held within ten (10) working days following the date when the original meeting had been scheduled to take place. This second Investors' Meeting may resolve and make decisions with any majority of Investors present.

First Paragraph. Notwithstanding the provisions set forth in these Rules, the Investors' Meeting may meet without prior call at any time, and validly resolve and take decisions when one hundred percent (100%) of the Share Units into which the Fund's capital has been divided are present.

Second Paragraph. Notwithstanding the provisions stipulated in these Rules, the Investors' Meeting may meet according to the terms set forth in the Commercial Code in relation to universal meetings. Furthermore, it may have recourse to the alternative consultation methods described in Article 3.1.5.6.4 of Decree 2555.

Third Paragraph. Whenever a decision is made to opt for the written ballot system for meetings held in advance, in accordance with Article 20 of Law 222 of 1995 or any regulation that amends, supplements or revokes it, the documents sent to Investors must contain the necessary information in order to provide sufficient and adequate details to allow Investors to make the respective decision.

#### 12.5. MINUTES OF THE INVESTORS' MEETINGS.

The activities of the meetings shall be recorded in Minutes that shall be signed by the Chairman of the Meeting, the representative of the Management Company and the Portfolio Manager or in its absence by the Statutory Auditor.

The Minutes shall be numbered and shall indicate the place, date and time of the meeting, the number of Share Units represented, the manner and advance notice of the call, the list of those present and the number of their own or others' Share Units they represent, the matters on the agenda, the decisions taken, and the number of votes cast in favor, against or blank. They shall also indicate, when applicable, the written records submitted by those present during the meeting and the date and time of the close of the session.

#### 12.6. MEETINGS OF THE INVESTORS' MEETING THAT ARE NOT HELD FACE-TO-FACE.

The Investors' Meeting may hold a General Investors' Meeting where the Investors may discuss and resolve in any way by simultaneous or successive communication. In this case the succession of communications shall take place instantly and, according to the means employed, in accordance with the provisions of Article 19 of Law 222 of 1995.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

Similarly, the Meeting's decisions shall be valid when the Investors cast their vote in writing. In this case the respective majority shall be calculated over the total number of Share Units held by each Investor. This mechanism shall be applied in accordance with the provisions of Article 20 of Law 222 of 1995.

The Minutes of the Meetings that are not held face-to-face, as set forth in this clause, shall be drawn up within thirty (30) days following the date on which the agreement in this sense was reached.

For the purposes of this Clause the provisions of Article 21 of Law 222 of 1995 shall be applied.

#### 12.7. PROCEDURE FOR INVESTORS' MEETINGS THAT ARE NOT HELD FACE-TO-FACE.

The Investors' Meetings may be held without the physical presence of the Investors by means of a written consultation sent via personal communication to the last registered address or email to all the Fund's Investors, pursuant to the following procedure:

- I. A questionnaire is drawn up of the matters that require their decision in order that they may state whether or not they accept the proposal of the Management Company, which shall be made within thirty (30) days following receipt of the consultation.
- II. The SFC shall be informed of the call to such session that is not held face-to-face and it may make its observations thereto.
- III. Once the consultation is sent out, the Investors may request of the Management Company, within a term that shall not exceed fifteen (15) days, any information they may deem relevant regarding the Fund. This information shall be posted on the Website.
- IV. The Investors shall respond to the consultation by addressing a communication to the management of the Management Company or to the email used by the Management Company for such purpose, within thirty (30) days following receipt of the document containing the consultation.
- V. In order for the session to be deemed valid, a number of Investors shall reply who represent at least fifty- one percent (51%) of the Fund's Share Units. Decisions shall be taken according to the majorities established in Numeral 14.2 of these Rules.
- VI. For counting the votes, the Management Company shall document the number of communications received, as well as the votes cast in favor and against each decision consulted.
- VII. The Management Company shall inform the SFC regarding the results of the Meeting, attaching for such purpose a detailed writ thereof that shall be signed by the legal representative of the Management Company, a representative of the Portfolio Manager and the Statutory Auditor.
- VIII. The Investors shall be informed through the Website of the decisions adopted using this mechanism.

#### 12.8. DUTIES OF THE INVESTORS' MEETING.

The following are duties of the Investors' Meeting:

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

- I. Appoint an external auditor for the Fund, when considered appropriate.
- II. Provide that the administration of the Fund be transferred to another company that is legally authorized to such effect pursuant to Decree 2555.
- III. Approve or reject a proposed transfer or merger of the Fund.
- IV. Approve the provisional suspension of redemptions pursuant to the provisions of Chapter 4 of these Rules.
- V. Approve the Accounting Report.
- VI. Declare the liquidation of the Fund and, if necessary, appointment of a receiver.
- VII. Approve an increase of the Commission.
- VIII. Implement the dismissal of the Management Company and/or the Portfolio Manager in accordance with the grounds, conditions and requirements set out for this purpose in Numeral 10.3 and Numeral 11.2 of these Rules.
- IX. Any other duties expressly stipulated in Decree 2555 and other regulations that modify, supplement or replace same or that are in these Rules.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

CHAPTER THIRTEEN  
DISCLOSURE OF INFORMATION

13.1. DISCLOSURE OF INFORMATION.

The Management Company will supply these Rules and the Prospectus to Authorized Participants and Stock Brokerage Companies.

These Rules contain all information needed for adequate understanding of the nature of the Management Company, the Portfolio Manager and the investment in the Fund, as well as the risks, costs and expenses that may be incurred for any item relating to the Fund.

The Management Company shall make available such information permanently and simultaneously to the Investors through its Website and this information shall, in any event, include the following:

- I. The Fund's updated Rules.
- II. A Statement of the Fund's Accounts.

The Management Company shall maintain a Code of Good Corporate Governance, a Code of Ethics and Conduct, and a Code of Conduct for the Administration of Mutual Funds. All this information is available at the offices of the Management Company. Any information affecting Investor rights will be informed through the SFC.

Paragraph. According to the provisions set out in Numeral 1 of Article 7.3.1.1.2 of Decree 2555, with regard to the duty to provide information, Stock Brokerage Companies must make the information stipulated in these Rules available to those Investors who may request it. It will be the exclusive responsibility of the Authorized Participants and Stock Brokerage Companies to provide this information to Investors in compliance with their brokerage duties and the obligation to provide the information set forth in Decree 2555.

1.3.2. PRESENTATION OF ACCOUNTS.

The Management Company shall prepare, send, and keep at the request of Investors a detailed Report on the Accounts, with cut-off dates of June 30 and December 31, containing the following information:

- I. A written explanation as to the composition and specific attributes of the Portfolio and the performance of its assets, in order to allow Investors to determine the status of their investments. The explanation must include information on compliance with the Investment Policy and its impact on the results posted.
- II. A description of the relevant events with respect to the management and administration of the Fund by the Portfolio Manager and the Management Company, respectively.
- III. The comparative general financial statements of the Fund, which must be accompanied by a vertical and horizontal analysis of any material changes. These financial statements do not require auditing.
- IV. A detailed analysis of the trend of expenses chargeable to the Fund.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Columbian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

- V. Any other relevant event that might affect Investor rights or that should be disclosed to them to allow them to make informed investment decisions.

This information shall be available to Investors at the Management Company's offices no later than fifteen calendar days after the respective cut-off date. The Stock Brokerage Companies will send this information to the registered address or e-mail address of the Investors and shall be published on the Website.

### 13.3. PROSPECTUS.

For the purposes of marketing the Exchange-Traded Fund, the Management Company has prepared a Prospectus consistent with the information contained in these Rules, which shall be made available to Investors on the Website of the Management Company. Similarly, the Prospectus will be made available to Authorized Participants and Stock Brokerage Companies, who in compliance with their duty to inform set forth in Decree 2555, must make it available to Investors in physical or electronic media, leaving evidence thereof at the moment of the association of the Investor.

The Management Company shall provide evidence that the Authorized Participants and Stock Brokerage Companies have received a copy of the Prospectus, which is in Exhibit III of these Rules, and it will be the exclusive responsibility of the Authorized Participants and the Stock Brokerage Companies to make it known to Investors, when they act as brokers.

### 13.4. WEBSITE.

The Management Company has a Website [www.fidubogota.com](http://www.fidubogota.com) where the following information may be consulted at any time, in updated form:

- I. The duly updated Rules and Prospectus.
- II. The value of the Fund determined according to Chapter 7 of these Rules.
- III. The Basket Composition File.
- IV. Information related to the Management Company's administration and supervisory bodies.
- V. The customer service offices.
- VI. The Management Report.
- VII. The list of Authorized Participants.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

CHAPTER FOURTEEN  
DISSOLUTION AND LIQUIDATION OF THE FUND

14.1. GROUNDS.

The following are grounds for the dissolution and liquidation of the Fund:

- a. Expiration of the validity period, unless extended by the General shareholders or investors' Meeting.
- b. The valid decision of the investors' Meeting to liquidate the Fund.
- c. The technically and economically justified decision of the Management Company's Board of Directors, supported by a technical report prepared by the Investment Committee, to liquidate the Fund, unless the Investors' Meeting decides to hand over management of the Fund to a new management company.
- d. Any event or situation that makes it permanently impossible for the Management Company to continue fulfilling its corporate purpose, unless the Investors' Meeting resolves to hand over management of the Fund to a new Management Company.
- e. When the Fund's net assets fall below the minimum value of the Fund, as provided for in Numeral 1.10 of these Rules.
- f. The takeover of the Management Company when its replacement is not feasible in conditions that ensure normal continuity of the Fund, pursuant to the provisions of Article 3.1.1.6.2 of Decree 2555, these grounds may be enervated within a maximum period of two (2) months.
- g. The ending for any reason of the Portfolio Manager's contract entered into between the Management Company and the Portfolio Manager, unless the Investors' Meeting has decided not to enforce this provision following the transfer of the Fund to another management company duly authorized for this purpose, or following the appointment of another portfolio manager in accordance with the recommendations of Global X. The recommendation of Global X shall proceed provided the grounds for termination do not stem from a violation of law or the Rules involving fraud or gross negligence on the part of the Portfolio Manager.
- h. The termination for any reason whatsoever of the License Contract, including the removal of the Portfolio Manager which implies the ending of the License Contract, unless the Investors' Meeting decides to accept the appointment of a new portfolio manager recommended by Global X to whom the License Contract is transferred. Global X's recommendation shall be taken provided the cause for termination did not originate from a legal breach or breach of the Rules involving fraud or gross negligence on the part of the Portfolio Manager.
- i. Any other grounds stipulated in the current Rules and applicable regulations.

When any of the grounds for liquidation detailed above occur, the Management Company shall communicate details of the situation no later than the next business day after the occurrence, (i) to Investors, by means of an email sent to the registered email address for each Investor, and (ii) to the SFC in writing.

In order for the grounds for liquidation set out in letters c, d, f, e of this Numeral to be mitigated, a maximum period of four (4) months shall apply.

The obligations of the fund's management company associated with the managing of the portfolio are ones of due diligence and not of guaranteed performance. Investment in the fund is subject to investment risks arising from the evolution of the prices of the securities that make up the creation unit. Registration in the national registry of securities and issuers ("RNVE" after its initials in Spanish) does not imply certification regarding the profitability of the security or solvency of the issuer by the Colombian Financial Superintendence. The prospective investors must read the prospectus and the regulation in order to make an informed investment decision.

The SFC and the market shall be notified regarding the occurrence of any of the causes for dissolution and liquidation through the Fund's notification mechanisms.

#### 14.2. PROCEDURE.

Once one of the grounds for liquidation set forth in these Rules arises, its liquidation shall take place according to the following procedure:

- I. As of the date on which the grounds for liquidation arise, and while the situation continues, the Fund will stop receiving Creation Orders and/or Redemption Orders.
- II. Once the grounds for the liquidation have arisen, the Management Company will request the SFC and the BVC to suspend trading in the Documents Representing the Shares and will notify DECEVAL of the suspension in order to determine the procedure to be used for the redemption of Share Units in force and cancellation of the Documents Representing the Shares.
- III. When the grounds for liquidation are not those stipulated in letters a or b of Numeral 14.1 of these Rules, the Management Company shall call an Investors' Meeting, which must be held within five (5) to ten (10) calendar days after the date on which the winding up notice was dispatched.
- IV. In the event that the session of the Investors' Meeting to which letter c above refers is not held due to a failure to reach the required quorum, the Management Company shall call another Investors' Meeting. The session of the Investors' Meeting shall be held between three (3) and six (6) calendar days after the first unsuccessful Investors' Meeting and may deliberate with any quorum.
- V. The receiver will be the Management Company. If the Management Company is unable or unwilling to assume this position, the Investors' Meeting shall appoint a receiver, designated by the majority of members present at the Investors' Meeting convened for this purpose.
- VI. When liquidating the Fund, the receiver shall undertake to determine:
  - A. The value of the assets comprising the Fund to date.
  - B. The value of pending liabilities and expenses charged to the Fund to date.
  - C. The percentage share represented by the Share Units of each Investor in the Fund.
- VII. Within the time period set by the Investors Meeting for the duration of the liquidation of the Fund, which in any case cannot be longer than six (6) months, all the assets and financial instruments forming the Fund's portfolio will be wound up.
- VIII. Upon expiry of the term established by the Investors' Meeting or a maximum of six (6) months to liquidate the assets and financial instruments, if assets or financial instruments exist that have not been able to be sold, they shall be delivered to the Investors in proportion to their Share Units unless the Investors' Meeting decides otherwise. If such delivery is rejected by the Investors' Meeting, this body must decide on a contractual term for liquidating the remaining portion of assets and financial instruments.
- IX. The revenue received by the Fund resulting from the liquidation of assets and financial instruments may be

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distributed, subject to settling any expenses and liabilities pending payment charged to the Fund.

- X. Payments for liquidation purposes shall be made within fifteen (15) Trading Days after the revenue from the liquidation of the Fund's assets and financial instruments has been received by the Fund.
- XI. If the payment deadline for the Share Units elapses and there still remain outstanding sums to be paid to Investors, the following procedure shall be followed:
  - A. The Management Company shall pay any funds corresponding to the Investors' portion to the notified bank accounts.
  - B. If the payment to which the preceding item refers is impossible, and in the event the Investor has indicated and identified in writing a payment agent or beneficiary, the receiver shall pay any outstanding amounts to this party.
  - C. In the event that it is impossible to make the payment in accordance with either Letters A or B above, the provisions of Article 249 of the Commercial Code shall apply.
- XII. The final liquidation statement must be approved by the Investors' Meeting.
- XIII. The Management Company and the Statutory Auditor shall certify that the liquidation process has been completed and that the funds have been appropriately redistributed to Investors.

During the period between the end of the duration term and the liquidation of the Fund, Investors shall remain bound by the provisions of these Rules and other applicable regulations.

Where not provided for in these Rules, the provisions of Decree 2555 shall apply.

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CHAPTER FIFTEEN  
CONFLICTS OF INTEREST

15.1. PROHIBITIONS APPLICABLE TO THE MANAGEMENT COMPANY.

The Management Company shall abstain from exercising any of the activities referred to in Article 3.1.1.10.1 of Decree 2555, apart from the provisions stipulated in Numerals 7 and 11 thereof.

In any event, Numeral 4 shall not apply in terms of the contract with the Portfolio Manager.

Article 3.1.1.10.2 of Decree 2555 shall apply to the Fund, apart from the requirements and limits set out in Numerals 2 and 3 of the aforementioned Article.

The Management Company may be involved in potential conflicts of interest when contracting with any of its affiliate companies. In such case, the Management Company shall deal with such matter in order that the best interests and benefits of the Fund and the Investors prevail.

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CHAPTER SIXTEEN  
AMENDING THE RULES

16.1. PROCEDURE FOR AMENDING THE RULES.

Any reform of these Rules shall be evidenced in writing and approved by the Board of Directors of the Management Company and shall be sent to the SFC prior to its entry into force.

Whenever the changes affect Investors' rights, the changes in question must be submitted for prior approval by the Investor's Meeting, which shall be called by publication on the Website and a widely-circulated national newspaper and pursuant to the provisions of Chapter 12 of these Rules. Such reforms must be approved by the SFC.

The Investors shall be informed of reforms to these Rules through the SIMEV within ten (10) business days following their entry into force and on the Website of the Management Company.

1. It is not permitted to modify these Rules in any way that affects the economic rights, the powers and other entitlements of the Portfolio Manager and/or the Management Company, without the prior consent of each party, as appropriate.

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CHAPTER SEVENTEEN  
MERGER AND TRANSFER OF THE FUND

17.1. PROCEDURE FOR THE ASSIGNMENT OF THE FUND

Prior authorization by the SFC, the Management Company may assign the administration of the Fund to another company legally authorized to manage such types of investment vehicles, following a decision of its Investors' Meeting, and following the approval of the Portfolio Manager and the Board of Directors of the Management Company. In such cases, the following procedure shall apply:

1. The commitment to assign shall be prepared and agreed upon jointly between the Management Company and the Portfolio Manager and be approved by the Board of Directors of the Management Company.
2. The Management Company shall call an Investors' Meeting.
3. Once the Investors' Meeting has approved the assignment, the decision will be submitted to the SFC whose approval is required for the assignment to take place pursuant to Article 3.1.2.1.2 of Decree 2555.
4. For the effects provided in the previous numeral, the Management Company making the transfer must enclose with the authorization request a certificate issued by the legal representative attesting compliance with the requirements established in the relevant regulations.
5. Following authorization by the SFC, Investors will be informed of the decision within ten (10) calendar days following the said approval by publishing the information on the Website and on the webpage of the management company making the transfer.

17.2. PROCEDURE FOR THE MERGER OF THE FUND.

Prior authorization by the SFC of the respective project, the Fund may merge with one or more funds with similar investment policies or objectives as the Fund and which have the same characteristics, following a proposal made to the Investors' Meeting by the Management Company, with prior approval of the Management Company's Board of Directors and the Portfolio Manager; any such mergers must respect the following procedure:

1. The merger agreement must be prepared and agreed jointly by the Management Company and the Portfolio Manager, and be approved by the Board of Directors of each entity; the agreement must contain the following information:
  - a. Financial and economic information relating to each of the funds whose merger is proposed.
  - b. The purpose of the merger and the supporting reasons.
  - c. An explanatory appendix relating to the mechanisms to be used to balance the value of the Share Units of the funds involved in the merger.
2. After obtaining an agreement to the merger, a summary of the proposed merger must be published in a widely-circulated national newspaper.
  - a. The Management Company shall call an Investors' Meeting and send the merger agreement with the

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written notice to attend. The Investors' Meeting shall be held within no more than fifteen (15) business days after dispatching the notice to attend to Investors.

- b. Once the Investors' Meetings of both management companies have approved the merger agreement, the management company of the new fund or the absorbing fund shall inform the SFC of the agreement in writing; and this notification must include the proposed merger that has been approved and the minutes from the investors' meetings of each of the funds and of the relevant board of directors in order to obtain the authorization referred to in Article 3.1.2.1.1 of Decree 2555.

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CHAPTER EIGHTEEN  
RESOLUTION OF DISPUTES

Any disputes or differences arising between the Investors, the Portfolio Manager, the members of the Investment Committee and/or the Management Company in relation to the subscription, interpretation, execution, fulfillment, termination or liquidation of these Rules shall be settled by an Arbitration Tribunal, which shall be subject to the Rules of the Arbitration and Reconciliation Center of the Local Chamber of Commerce, ("Camara de Comercio"), in accordance with its rules

The Arbitration Tribunal shall be consist of three (3) arbitrators appointed by mutual agreement between the parties and, if this is not the case, by the Center itself according to its Rules. The Tribunal will hold court in the city of Bogotá, D.C. at the premises that the Chamber of Commerce – ("Cámara de Comercio"), provides for this purpose. The Tribunal will rule according to law.

First Paragraph. Any Investor who: (i) requests that an Authorized Participant make a Creation Order; (ii) acquires Documents Representing the Shares on the BVC; (iii) becomes an Investor in the Fund by any other means, shall be understood as having expressly accepted and agreed to all the provisions of these Rules.

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## CHAPTER NINETEEN

### TAX ASPECTS

The Fund shall be governed by the applicable Colombian Tax Regime. Any changes in the applicable tax legislation, whether national or foreign, which amend or modify the tax considerations established in these Rules, the Prospectus or any other document that discloses information or characteristics of the Fund, will automatically apply. Double taxation treaties executed by Colombia or international rules on this matter may provide for special rules regarding income tax and such rules must be studied to determine their applicability.

#### Withholding Agent.

The Fund, as a withholding agent, shall be obliged to withhold the necessary withholding taxes, according to Colombian Tax Law. The Fund shall issue the corresponding certificates of tax withholdings at source to each Investor, according to Colombian Tax Law.

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## CHAPTER TWENTIETH SECURITIES CUSTODY

The activity of the Fund's securities custody shall be performed by a "Custodian Agent", which will safeguard and oversee all securities and portfolio assets in order to guarantee the settlement of all operations from the securities comprising the Fund's portfolio. As an active custodian for the fund, the entity must perform at least the following services: i) safekeeping of all securities, including cash balances from the fund used to settle any operations related to the Fund. Likewise, it must assure that any "anotación en cuenta" note into accounts on behalf of the fund is performed in the central deposit ("Deceval"), or a sub-custodian account, if applicable. The safekeeping includes keeping track of the fund's banking accounts, in order to facilitate settlement of all operations performed over the securities under custody. It must participate from the confirmation phase in the securities settlement cycle and perform all the necessary actions in order to fully comply and settle all the operations from the fund's portfolio, informed and confirmed by the Management Company. The administration of the embedded equity rights of all securities, including dividend payments, and any distribution of capital related to portfolio of securities from the Fund.

PARAGRAPH. The aforementioned notwithstanding, that between the Management Company and the Custodian Agent, might agree upon any additional services in excess from the ones indicated before, as any complementary services in relation to the ones established on the Decree number 2555.

### 20.1 FUNCTIONS AND OBLIGATIONS FROM THE CUSTODIAN AGENT

The following are obligations from the Custodian:

- i. Ensure that any "note into account" (anotación en cuenta) from the securities/shares of the assets under custody on behalf of the applicable client/investor.
- ii. To have all the procedures, mechanisms and policies in order to guarantee the correct execution of the duties related to the custody of securities.
- iii. Identify, measure, control and manage the embedded risks of the custodian activities, for this purpose it should keep and develop suitable systems of internal control to identify, measure and control the risk management activities.
- iv. Verify the settlement of all instructions and orders informed by the Management Company related to the assets under custody. In no case the Custodian shall dispose of the securities under custody without a clear and explicit order or instruction from the management company, on the same way, it must verify the orders informed by the management company.
- v. To have contingency plans and continuity of business protocols, in order to guarantee the continuity of operations with all the information technology (IT) safety.
- vi. To adopt all policies, mechanisms, and procedures in place, to assure the correct management of information received or known in reference to the custody of securities activity, and the supply of information to the management company.
- vii. Establish a general policy in reference to the payment of all Fund's fees and commissions, and the mechanism to inform them.
- viii. Report on daily basis to the management company all the portfolio movements performed according to the orders or instructions received.
- ix. To inform in a timely manner the management company and the "Superfinanciera de Colombia" (SFC), any event or circumstance that might affect the normal develop of the custodian services and request the

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management company any additional instructions needed to fulfill all the duties hereby.

- x. To comply with the information secrecy for all known or received information for all activities in relation to the securities' custody, and adopt policies, procedures and mechanisms to avoid the misuse of privileged or reserved information related to the securities under custody and the strategies, businesses and operations of the Fund. The aforementioned notwithstanding complying with the information duties to Superfinanciera de Colombia (SFC), and all legal authorities involved in the exercise of its duties.
- xi. Provide to the Management Company all the information and documents needed for the securities and cash funds under custody.
- xii. To execute all the necessary banking orders to perform any cash balance transfers from the account(s) in which the fund has cash balances with the purpose of settlement of all operations and trades for the securities under custody.
- xiii. Collect in a timely manner all interests, dividends or any other income from the assets under custody, and in general to exercise all the rights derived from those, if it's the case.
- xiv. Ensure that all securities under custody have been deposited in a suitable legal entity to perform the task.
- xv. Exercise the embedded political rights for all the assets subject to custody in an entity legally entitled for this purpose.
- xvi. Refrain to perform any prohibited operations in the management of the securities under custody and guarantee the fulfillment of laws and restrictions applicable to the operations from the securities aforementioned, notwithstanding the provisions from the paragraph within article no. 2.22.1.1.2 from the decree 2555.
- xvii. Resort to the Management Company at the event in which the custodian agent considers formal intervention with the purpose of safeguarding the custody of all the portfolio assets.
- xviii. Identify, control, and manage all situations exposed to create conflict of interests in the normal exercise of duties related to the custody of securities, following the established applicable laws and the guidelines pointed out from the board of directors from the Management Company.
- xix. To have internal control guidelines and corporate governance policies, including a code of conduct, and all other guidelines needed to fulfill the regulatory requirements.
- xx. To implement all the control procedures and necessary conduct laws, ample and suitable, to avoid that the securities received in custody might be used as instruments to hide, manage, invest or any other utilization of money or assets originating from illegal activities, to perform tax fraud, or to give legal appearance to illicit activities or the operations and funds related to the aforementioned.
- xxi. To comply with all the policies, guidelines, mechanisms, and procedures appointed by the board of directors from the fund's management company.
- xxii. To fulfill all other necessary features for the sufficient custody of all securities subject to the duty.
- xxiii. Permanently oversee the custodian staff responsible to manage all activities related to the custody of the Fund
- xxiv. Provide to the Management Company online mechanisms for all assets under custody in order to perform automated periodical audits.
- xxv. To have the suitable infrastructure to perform the custody of assets continuously and safely to ensure the safekeeping in the long term.
- xxvi. All other obligations provided in the 2555 Decree and the CBJ.

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PARAGRAPH the Custodian Agent is responsible for all securities and cash funds under custody, for all complementary and special services agreed upon to perform, as well as complying with all legal and contractual duties, for which, it will be subject up to slight fault as a prudent and diligent expert in the activities related to the custody of assets.

## 20.2 FACULTIES AND RIGHTS OF THE FUND'S CUSTODIAN AGENT

The following are faculties and rights from the Custodian Agent:

- i) To receive from the management company clear instructions to perform all custody services.
- ii) To have convenient availability of all funds and securities in order to settle all trades and operations executed
- iii) To be informed from the management company of any upcoming circumstances which might affect the property and ownership of all securities and funds under custody.
- iv) To have availability from the management company of all kind of information needed to promote the activity of custody.

## 20.3 METHODOLOGY TO CALCULATE THE CUSTODIAN COMPENSATION

The provision of custody services generates the payment of a fee to the custodian agent, which will be calculated based on the sum from the following items:

- Adjusted fee subject to the total Fund's assets under management (assets under custody)
- A transactional cost, Delivery vs Payment (DVP) from the Fund. (rebalance trades & operations in cash)
- Fee for all free-delivery operations from the Fund. (in-kind ops)
- Fee for the payment of the Fund's return
- Maintenance bill expressed in minimum wages (SMLV)

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## CHAPTER TWENTY-FIRST FUND DISTRIBUTION

### 21.1 DISTRIBUTION CHANNELS

The distribution activity of the fund ("Fondo de Inversion Colectiva" 'FIC), might be performed in accordance with the provisions from the Laws (bylaws – reglamento).

### 21.2 RIGHT TO THE SPECIAL ADVISORY

In order to comply with the "right of special advisory", the management company shall establish a procedure to classify and profile investors at the initial contact, it must include at least the kind and risk profile of the client/investor. To assure investors get all relevant information, the mechanisms used to facilitate the timely and suitable access to advisory in each one of the stages, including information that might be supplied thorough the Portfolio Manager, if applicable, notwithstanding, that information discharges the management company or prevents that the investor might need the advice at any time, will be the following:

- i) In the promotion stage, whom promotes the Fund must be identified as a salesperson/advisor from the management company and present to the potential investors all the necessary and sufficient information to get to know the main features and risks embedded from the fund promoted, avoid making affirmations that might lead to incorrect, false, sneaky or inaccurate appreciations of the Fund, its investment objective, the risks imbedded, fees, or any other feature, likewise verify that the investors knows, understands and accepts the Fund's prospectus. The promotion of the fund assumes that ample and needed information is supplied, therefore, the investor is able to take an informed decision on whether or not invest in the fund. Notwithstanding the provisions in article 7.3.1.1.2. from 2555 Decree, the necessary and sufficient information should have at least an explanation of the structure, term, conditions and characteristics from the promoted fund, information about prices, comparisons, benefits and risks among different investment alternatives and an explanation of risks embedded to the Fund (Fondo de Inversion Colectiva).
- ii) In the association stage, the bylaws of the fund should be granted to the investor, send all contract forms in a diligent and timely way to the management company, supply to the investor all representative documents of the Fund's participation, and point out the different information channels available.
- iii) During the investment period, resources should be available to receive and support in a timely manner all enquires, requests, complains by any of the investors.
- iv) In the redemption of unit's stage, all requests to redeem participation units should be received in a timely manner, indicating the way and calculations performed to determine the value of the funds to be delivered to the investor.

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# **Fondo Bursátil Global X Colombia Select de S&P**

## *INVESTOR ACCEPTANCE FORM*

I, the undersigned \_\_\_\_\_ identified with \_\_\_\_\_

\_\_\_\_\_ No. \_\_\_\_\_ have received and understood the information in the Prospectus and the Rules of the Exchange-Traded Fund [\_\_\_\_\_].

Signature

Name

ID No.

Address

Telephone

EXHIBIT I: PROSPECTUS

EXHIBIT II: INDEX LICENSE AND SUB-LICENSE AGREEMENT

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