

## Nasdaq Fast Convergence Index, Powered by BofA

### General Information

ASSET CLASS	Equity
BLOOMBERG TICKER	BOFANFCC
CURRENCY	USD
RETURN TYPE	Excess Return
VOLATILITY TARGET	12.5%
REBALANCING	Intraday
INDEX DRAG	0.50%
BASE DATE	08-Feb-2005
LIVE DATE	29-Jan-2020
INDEX CALCULATION AGENT	Merrill Lynch International
EXTERNAL CALCULATOR	Evalueserve

### Index Components

Sector	
Equities	Exposure as of November 30
Nasdaq 100 TR Index (XNDX)	83.31% <sup>1,2</sup>

<sup>1</sup> The only exposure in the Nasdaq FC Index is to the Nasdaq 100 TR Index, rebalanced with cash to target a 12.5% volatility. Maximum exposure to XNDX is 175%. Minimum exposure is 0%, with 100% in cash.

<sup>2</sup> As of November 30, 2020. Nasdaq FC Index includes a 4% monthly cap rebalancing daily; BOFANFCV is the uncapped index with exposure to XNDX Index. Exposure numbers refer to the exposure of the uncapped index (BOFANFCV) to the Nasdaq-100 TR Index.

### Index Overview

The Nasdaq Fast Convergence Index (“Nasdaq FC Index”) powered by BofA uses an innovative technology (patent-pending) which aims to reduce risk and improve performance by adapting faster to changing market conditions. The Nasdaq FC Index is designed with the goal of improving participation rates in an index-linked product.

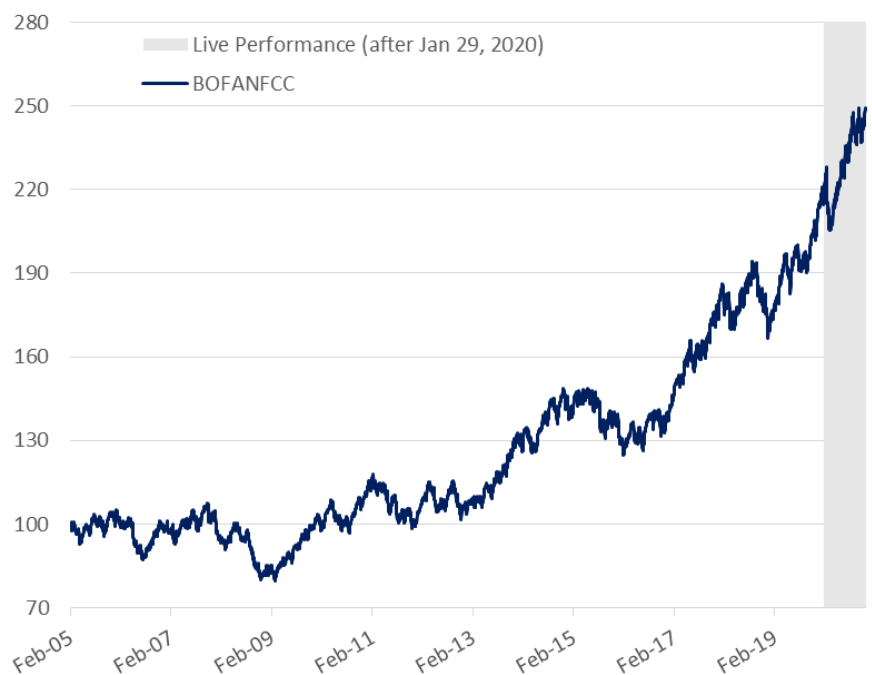
**Access an index known for innovation:** Since its inception over 30 years ago, the Nasdaq-100 Index has become one of the world’s preeminent large-cap growth indexes. The Nasdaq-100 Index is home to some of the world’s most innovative companies—including Apple, Google, Intel and Amazon.

**Apply Fast Convergence technology to adapt faster to changing market conditions:** The Nasdaq FC Index targets a 12.5% annualized volatility by applying Fast Convergence technology. By systematically monitoring market moves and rebalancing throughout the trading day, FC technology aims to more efficiently control the realized volatility of an index. Traditional approaches to risk management and portfolio construction have generally relied on longer time horizons to both measure and respond to changes in market volatility. Historically, higher volatility periods have coincided with negative market performance.

**Employ a performance control mechanism to improve participation:** Each day, a portion of the returns of the Nasdaq FC Index is capped at 4% for the preceding one month period. This performance cap aims to improve participation rates in indexed products, however, there is no limit to downside returns included in the Nasdaq FC Index.

### Back-tested & Actual Index Performance

February 8, 2005 – November 30, 2020



Source: Bloomberg, BofA Securities The Nasdaq FC Index (BOFANFCC) includes a monthly performance cap rebalanced daily, and was created on 29-Jan-2020. Levels for the Index before 29-Jan-2020 represents hypothetical data determined by retroactive application of a backtested model, itself designed with the benefit of hindsight. **Past performance is not indicative of future performance.** Actual performance will vary, perhaps materially, from the performance set forth herein. The performance of the Index includes a 50bps fee drag and does not include fees or costs of any financial instrument referencing the index.

### Back-tested & Actual Monthly Performance<sup>3</sup>

Source: BofA Securities, Bloomberg (February 8, 2005 – November 30, 2020)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	0.68%	-1.81%	-0.86%	4.46%	2.03%	2.06%	2.89%	5.18%	-1.58%	-2.37%	5.11%		
2019	3.58%	2.08%	3.48%	4.80%	-5.60%	5.17%	0.76%	-1.49%	0.21%	3.74%	3.25%	3.01%	24.95%
2018	6.59%	-2.82%	-4.34%	-0.37%	3.75%	0.80%	2.61%	5.52%	-0.42%	-6.05%	-0.55%	-5.22%	-1.42%
2017	5.15%	4.23%	1.89%	3.30%	2.67%	-4.16%	4.57%	1.76%	-1.85%	5.75%	0.63%	0.28%	26.50%
2016	-4.51%	-2.02%	5.82%	-4.04%	3.62%	-4.12%	6.18%	0.44%	1.64%	-2.02%	-0.78%	0.92%	0.40%
2015	-2.08%	5.56%	-1.72%	0.85%	1.38%	-3.76%	2.21%	-6.86%	-1.78%	5.79%	-1.07%	-1.23%	-3.39%
2014	-3.38%	4.67%	-3.28%	-1.32%	3.57%	2.73%	0.34%	5.53%	-1.49%	0.98%	3.67%	-5.00%	6.55%
2013	1.81%	-0.13%	2.27%	0.94%	2.30%	-2.14%	5.29%	-1.31%	4.57%	3.64%	3.79%	2.48%	25.86%
2012	5.93%	3.79%	3.39%	-1.38%	-6.23%	2.11%	-1.00%	4.69%	-0.17%	-4.51%	0.21%	-1.32%	4.85%
2011	2.29%	2.05%	-0.23%	0.01%	-2.15%	-3.76%	0.18%	-3.88%	-2.28%	3.16%	-3.16%	-0.67%	-8.41%
2010	-2.86%	1.71%	5.37%	1.00%	-3.66%	-4.22%	2.87%	-4.17%	7.17%	3.94%	-1.04%	3.12%	8.72%
2009	-0.78%	-1.33%	3.37%	3.59%	1.10%	1.08%	3.54%	0.13%	3.91%	-1.38%	3.74%	2.92%	21.52%
2008	-6.71%	-2.74%	0.54%	3.92%	3.48%	-5.67%	0.38%	-0.71%	-6.41%	-3.42%	-3.82%	1.22%	-18.85%
2007	-0.05%	-2.78%	0.98%	4.02%	1.96%	-1.39%	1.15%	-0.36%	3.12%	3.35%	-4.71%	-0.14%	4.88%
2006	2.81%	-2.41%	1.41%	-1.27%	-7.49%	-0.20%	-2.98%	2.54%	2.60%	3.31%	2.36%	-1.74%	-1.63%
2005	NA	-0.96%	-1.69%	-3.67%	5.50%	-2.64%	6.37%	-1.90%	0.44%	-1.57%	3.37%	-3.36%	-0.71%

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More information on the Index can be found at [NasdaqFC.ml.com](https://www.nasdaqfc.com)

(3) Source: Bloomberg, BofA Securities The Nasdaq FC Index (BOFANFCC) includes a monthly performance cap rebalanced daily, and was created on 29-Jan-2020. Levels for the Index before 29-Jan-2020 represents hypothetical data determined by retroactive application of a backtested model, itself designed with the benefit of hindsight. **Past performance is not indicative of future performance.** Actual performance will vary, perhaps materially, from the performance set forth herein. The performance of the Index includes a 50bps fee drag and does not include fees or costs of any financial instrument referencing the index.



## Selected Risk Factors

### NATURE OF THE INDEX

The Index uses a rules-based formula to enable the Index Closing Level to be calculated from time to time. Although instruments may be issued or entered into where such instruments' return is linked to the Index performance, the Index is not itself an investment or instrument and does not give any person any entitlement to, or ownership interest in, any underlying components or any other obligation referenced (directly or indirectly) by the Index.

### POTENTIAL CONFLICTS OF INTEREST

Potential conflicts of interest may exist in the internal teams and divisions of BofA Securities or across different entities within the BofA group. For example, one team may calculate and publish the level of the Index, while another team within the organization may issue or promote/sell products linked to the Index or an Index Component. In addition, a further team within the organization may have trading positions in or relating to instruments and assets to which the performance of the Index is directly or indirectly linked (including any Index Component). Entities within the BofA group may be active and significant participants in or act as market maker in relation to a wide range of markets for currencies, commodities, securities and derivatives. Such activities may be undertaken on such a scale as to affect, either temporarily or on a long-term basis, the price of such investments which may impact adversely on the Index Closing Level. No entity within the BofA group shall have any duty or obligation to take into account any impact in the performance of the Index when effecting transactions in such markets.

In addition, the Index Sponsor and initial Index Calculation Agent, MLI, or its Affiliates may enter into transactions referencing or relating to the Index with one or more counterparties or may engage in proprietary trading in the Index or securities, options, futures, derivatives or other instruments relating to the Index or any Index Component (including such trading as it or its affiliate deems appropriate in their sole and absolute discretion to hedge its market risk with respect to the Index or any transaction relating to the Index) for their accounts, for business reasons, or for other accounts under its or their management. The Index Sponsor and Affiliates may enter into such transactions or hedging transactions with a view to a profit or other financial gain. In addition, any such trading may affect the level or Index Closing Level and consequently the amounts payable or deliverable in any transaction referencing or relating to the Index. Such trading may be effected at any time, including on or near determination, setting, resetting or other calculation dates for the Index or such Index Components, or the pricing, setting, resetting or other valuation date(s) for any such transaction.

### EMBEDDED COSTS

The calculation of the Index will incorporate a deduction for embedded costs. These transaction costs are not a per annum amount but are adjustments made in order to account for synthetic costs (for example, bid-ask spread, slippage and brokerage) incurred by a professional investor seeking to replicate the strategy of the Index. In addition, these transaction costs may take into account expenses incurred by the Benchmark Sponsor in the development of intellectual property for, and administration of, the Index. These transaction costs may be higher or lower than the actual costs of hedging the exposure to the Index and, if higher, may result in professional investors being in a worse position than if they were to replicate the Index. The embedded transaction costs are deducted from the level of the Index and act as a drag on the Index, therefore reducing the amount of return on the Index, and the level of the Index must increase by an amount sufficient to offset the aggregate of the transaction costs in order for there to be any return on the Index Performance. The transaction costs are calculated in accordance with the Index Rulebook.

### PAST PERFORMANCE

Past performance of the Index is not a reliable guide to future performance and the past performance of the Index may have been determined on terms different to those described in this Index Rulebook. No assurance, representation or warranty is given with respect to the future performance of the Index or that it will achieve its objective. Instruments linked to the Index can fluctuate in price or value and prices, values or income may fall against the interests of any investor or counterparty exposed to the performance of the Index. Changes in rates of exchange, rates of interest and prices of any Index Components, among other things, may have an adverse effect on the Index Closing Level.

### SIMULATED HISTORICAL PERFORMANCE

All Index Closing Levels between the Index Base Date and the Index Live Date have been determined by the Index Calculation Agent by reference to historical data and must be considered as simulated and thus purely hypothetical. The methodology used to calculate Index Closing Levels prior to the Index Live Date, and the assumptions upon which such Index Closing Levels are based, may be different to those applied from the Index Live Date and in the future. Whilst any such methodology or assumption is, in the view of the Index Sponsor, reasonable, the use of historical data may result in material differences between the simulated performance of the Index, prior to the Index Live Date, and any subsequent actual performance.

### DUTY OF CARE

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### OTHER RISKS

There is no guarantee, warranty or assurance that this Index Rulebook discloses all possible factors that may affect the performance of the Index and the risks of investing in any instrument, or entering into a transaction that is linked to the Index. Before investing in any such instrument or entering in any such transaction, you must satisfy yourself that you fully understand the risks of such instrument or transaction and you are solely responsible for making an independent appraisal of and investigation into the Index and should not rely on this Index Rulebook as constituting investment, financial or other advice.

Additional risk factors can be found in the Index Rulebook

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