India Base Fee Calculation

This page provides details on the mechanism used to determine the Base Fee for Consultants in India. This page will be used to communicate and detail any changes that may be made to the Base Fee calculation methodology over time. All Consultants are advised to regularly check this page. This methodology applies to Consultants who signed the "January 2022" or later version of the WorldQuant Brain Consulting Agreement or a corresponding amendment after such date.

Base Fee Calculation Methodology

1. In order to qualify for the Base Fee, every Consultant needs to have a minimum of 1 expression-based alpha or super-alpha (each, a "Layer") that was submitted, tested and not decommissioned ("Qualifying Alphas") in a calendar month. In the event the number of such Qualifying Alphas is less than 1, the Consultant will not be eligible for any Base Fee payment in the following month.
2. All Qualifying Alphas submitted by the Consultant, subject to the Daily Limit (defined below) on a given day, in the previous month will be considered, so long as the Qualifying Alpha(s) was not decommissioned during such month or the WorldQuant Brain Consulting Agreement was not terminated.
3. Each Consultant will be allocated into two tiers based on the number of Qualifying Alphas as follows:
    - **Tier 1:** If the number of Qualifying Alphas is $>= 1$
    - **Tier 2:** If the number of Qualifying Alphas is $= 0$
4. Once a Consultant is in Tier 1, the Base Fee will be based off of the following factors, applicable to each Layer independently, which are listed below:
    - Quantity Factor – This factor takes into account the productivity of the Consultant and only the Daily Limit of alpha submissions (the "Limited Submission Count") are accounted for in the Quantity Factor. The formula is as follows:
        1. *Quantity Factor = f(LimitedSubmissionCount);* where *f* is a monotonically increasing function.
        2. **QuantityFactorScaled** $= \dfrac{QuantityFactor}{\sum_{All\ consultants} QuantityFactor}$

    - Quality Factor – This factor takes into account the overall quality of a Qualifying Alpha based on the various components of an alpha, such as: (i) Correlation factor (MCorrelation) reflects alpha correlation with the existing WorldQuant Brain alpha pool. Alphas with lower correlation receive a higher score; (ii) Regions factor (MRegion) reflects expected additional value of adding alpha in a particular region. Factor value for each region is determined by the Company and is higher for less explored regions; (iii) Universe factor (MUniverse) reflects expected additional value of adding alpha in a particular universe. Factor values are higher for universes that contain more instruments; (iv) Fitness factor (MFitness) reflects

alpha fitness and is a function of turnover, sharpe ratio and returns. Alphas with higher fitness get higher score; (v) Delay factor (MDelay) reflects expected additional value of adding alpha in a particular delay. Factor value for each delay is determined by the Company; (vi) Theme factor (MTheme) is a variable factor to incentivize Consultants to work on alphas that may be needed in the alpha pool. Themes for different weeks and/or months would be announced prior to implementation in an effort to steer the efforts in that direction. Note, that only the Daily Limit of alpha submissions are accounted for in the Quality Factor. The formula for the Quality Factor is as follows:

1. ***Quality Factor =***
$$\sum_{LimitedConsultantAlphas} f(MCorrelation, MRegion, MFitness, MDelay, MUniverse, MTheme)$$

2. **QualityFactorScaled** $= \dfrac{LimitedSubmissionCount \cdot \dfrac{QualityFactor}{\sum_{All\ consultants} QualityFactor}}{}$

- Self-Growth Factor – This factor captures the growth and improvement of the Consultant's alpha development skill over time. The better a Consultant is performing as compared to him or herself in the past, the larger the Self-Growth Factor value will be. Thus, the improvement of your alphas and your abilities as a Consultant directly translates into a higher Base Fee. The formula for the Self-Growth Factor is a function of Quantity Factor, Quality Factor and past (historical) values of those factors, as follows:

1. ***SelfGrowthFactor = f(CurrentQuantityFactor, CurrentQualityFactor, PastQuantityFactors, PastQualityFactors)***

- Value Factor – This factor captures the effect of recent submission on performance of combination of a Consultant's alphas. It reflects the ability of alphas to increase aggregate signal quality through mutual interaction. Three alpha properties are reflected in the Value Factor:

1. Individual alpha performance;
2. Diversity of recent alpha submissions;
3. Uniqueness of submissions as compared to your past submissions and those submissions of other Consultants.

5. Every day a final score for the Consultant is calculated, as follows:
- ***AggregateFactor = f*(QualityFactorScaled+QuantityFactorScaled, SelfGrowthFactor,ValueFactor)**

6. Based on this score, final daily accrual for the Consultant's Base Fee is determined by the below continuous, nondecreasing function:
- ***Daily Base Fee accrual = f(AggregateFactor)***

7. We may use other factors at our discretion to modify the tiers or the overall calculation as specified above.

8. The above the Daily Base Fee Accrual formula will be used for each Layer and the value for each Layer will be aggregated to calculate the bi-monthly Base Fee payable to you in accordance with the WorldQuant Brain Consulting Agreement.
9. "Daily Limit" means, on a given date, up to the first four "alpha" submissions and up to the first "super alpha" submission.

The Base Fee associated with the above tiers is as follows:

- **Tier 1:** Up to USD 3,500 or the equivalent in INR per month
- **Tier 2:** USD 0 or the equivalent in INR per month

We expect to update this page at least a few times a year. Please ensure you review it periodically. We will send out announcements notifying you of any changes. Please make sure you log in and read all announcements regularly.