

INDEX GUIDELINE

GLOBAL X U.S. HIGH YIELD PREFERRED INDEX

Version 1.2

25 April 2025



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INTRODUCTION

This document (the “GUIDELINE”) is to be used as a guideline with regard to the composition, calculation and maintenance of the Global X U.S. High Yield Preferred Index (the “INDEX”). Any amendments to the rules made to the GUIDELINE are approved by the OVERSIGHT COMMITTEE as specified in the Bond Index Methodology. The INDEX is calculated, administered and published by Solactive AG (“SOLACTIVE”) assuming the role as administrator (the “INDEX ADMINISTRATOR”) under the Regulation (EU) 2016/1011 (the “BENCHMARK REGULATION” or “BMR”). The name “Solactive” is trademarked.

The GUIDELINE and the policies and methodology documents referenced herein contain the underlying principles and rules regarding the structure and operation of the INDEX. SOLACTIVE does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the INDEX nor the level of the INDEX at any certain point in time nor in any other respect. SOLACTIVE strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for SOLACTIVE – irrespective of possible obligations to issuers of financial instruments or investment funds referencing the INDEX under a valid license – to advise third parties, including investors and/or financial intermediaries, of any errors in the INDEX. The publication of the INDEX by SOLACTIVE does not constitute a recommendation for capital investment and does not contain any assurance or opinion of SOLACTIVE regarding a possible investment in a financial instrument based on this INDEX.

1. INDEX SPECIFICATIONS

1.1. SCOPE OF THE INDEX

Category	Description
Asset Class	Equity, Preferred Shares
Strategy	Representation of the top 50 dividend yield preferred securities from the United States.
Regional Allocation	North America
Rebalancing Frequency	Semiannually



1.2. IDENTIFIERS AND PUBLICATION

The INDEX is published under the following identifiers:

Name	ISIN	Currency	Type	Calculation Formula*	RIC	BBG ticker
Global X U.S. High Yield Preferred Index	DE000SLOCNJ4	USD	GTR	Direct	.SOLSPFF	SOLSPFF Index

*NTR,GTR means that the Index is calculated as net total return and gross total return Index, as described in the Equity Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/equity-index-methodology/>

The INDEX is published on the website of the INDEX ADMINISTRATOR (www.solactive.com) and is, in addition, available via the price marketing services of Boerse Stuttgart GmbH and may be distributed to all of its affiliated vendors. Each vendor decides on an individual basis as to whether it will distribute or display the INDEX via its information systems.

Any publication in relation to the INDEX (e.g. notices, amendments to the GUIDELINE) will be available at the website of the INDEX ADMINISTRATOR: <https://www.solactive.com/news/announcements/>.

1.3. INITIAL LEVEL OF THE INDEX

The initial level of the INDEX on the 30th Sep 2022 is 1000. Levels of the INDEX published for a period prior to this date have been back-tested. Historical values from the 30th Sep 2022 will be recorded in accordance with Article 8 of the BMR.

1.4. PRICES AND CALCULATION FREQUENCY

The level of the INDEX is calculated on each CALCULATION DAY from 09:00 a.m. to 04:50 p.m. EST based on the TRADING PRICES on the EXCHANGES on which the INDEX COMPONENTS are listed. TRADING PRICES of INDEX COMPONENTS not listed in the INDEX CURRENCY are converted using the current Intercontinental Exchange (ICE) spot foreign exchange rate. Should there be no current TRADING PRICE for an INDEX COMPONENT, the later of: (i) the most recent CLOSING PRICE; or (ii) the last available TRADING PRICE for the preceding TRADING DAY is used in the calculation.

In addition to the intraday calculation a closing level of the INDEX for each CALCULATION DAY is also calculated. This closing level is based on the CLOSING PRICES for the INDEX COMPONENTS on the respective EXCHANGES on which the INDEX COMPONENTS are listed. The CLOSING PRICES of INDEX COMPONENTS not listed in the INDEX CURRENCY are converted using the 04:00 p.m. London time WM Fixing quoted by Refinitiv. If there is no 04:00 p.m. London time WM Fixing for the relevant CALCULATION DAY, the last available 04:00 p.m. London time WM Fixing will be used for the closing level calculation.



1.5. LICENSING

Licenses to use the INDEX as the underlying value for financial instruments, investment funds and financial contracts may be issued to stock exchanges, banks, financial services providers and investment houses by GLOBAL X MANAGEMENT COMPANY LLC.

2. INDEX SELECTION

On each SELECTION DAY, all bonds which meet the INDEX COMPONENT REQUIREMENTS are eligible for inclusion in the INDEX and will be added as INDEX COMPONENT on the REBALANCE DAY. Additionally, on each SELECTION DAY, it will be evaluated whether all current INDEX COMPONENTS still meet the INDEX COMPONENT REQUIREMENTS. Each INDEX COMPONENT that does not meet the INDEX COMPONENT REQUIREMENTS will be removed from the INDEX on the next REBALANCE DAY.

2.1. INDEX UNIVERSE REQUIREMENTS

The initial composition of each INDEX, as well as any selection for a rebalance (as specified in Section 3) is determined using the following rules:

- Listed on the New York Stock Exchange or NASDAQ Stock Exchange.
- Trading Currency: Trading must be in USD.
- Type of Issuance: Preferred shares only. Only active issues are included (issues that are defaulted, suspended, called, or without active listing status are excluded).
- Convertible Preferreds: Convertible preferreds with less than 12 months until mandatory conversion are excluded, as are preferreds with less than 12 months until scheduled maturity. Existing constituents are not subject to this criterion.
- Callable Preferreds: Callable preferreds with less than 12 months until the next call date are excluded.
- Minimum Market Capitalization: USD 250,000,000.
- Average Daily Trading Volume (ADTV): Must be USD 1,000,000 over the previous 3 months. For shares currently included as components of the index, an ADTV of USD 750,000 over the previous 3 months is required.
- Dividend Yield: The current dividend yield cannot exceed 20%.
- Contingency for fewer eligible universe: If there are fewer than 50 constituents in the eligible starting universe after applying all the above rules, a waterfall reduction of the following requirements will be implemented in this order until the target is met:
 - Reduce Minimum Market Capitalization to USD 200 million.



- Reduce the ADTV requirement for new inclusions to USD 750,000 and to USD 600,000 for existing constituents.

(the "INDEX UNIVERSE REQUIREMENTS")

The determination of the INDEX UNIVERSE is fully rules-based and the INDEX ADMINISTRATOR cannot make any discretionary decisions.

2.2. SELECTION OF THE INDEX COMPONENTS

Based on the INDEX UNIVERSE, the initial composition of the INDEX as well as any selection for an ordinary rebalance is determined on the SELECTION DAY as follows:

The INDEX UNIVERSE is ranked by CURRENT DIVIDEND YIELD. The 50 highest yielding preferred securities from the INDEX UNIVERSE, subject to the below rules, will be selected as INDEX COMPONENTS.

- The maximum number of INDEX COMPONENTS per one issuer is capped at 3.
- The 25 highest yielding preferred securities from the INDEX UNIVERSE are included as INDEX COMPONENTS.
- Existing INDEX COMPONENTS as of SELECTION DAY ranked within the top 75 highest yielding preferred securities from the INDEX UNIVERSE are included as INDEX COMPONENTS until the components count reaches 50.
- If after the above steps are completed, there are fewer than 50 COMPONENTS, the highest yielding remaining preferred securities from the INDEX UNIVERSE are added as INDEX COMPONENTS until the index reaches 50 components.

(the "INDEX COMPONENT REQUIREMENTS")

2.3. WEIGHTING OF THE INDEX COMPONENTS

On each SELECTION DAY each INDEX COMPONENT is assigned a weight according to TOTAL MARKET CAPITALIZATION.

1. The maximum weight per issuer of the eligible securities is capped at 4.75%.
2. The aggregate weight per issuer of the eligible securities above 4.5% is capped at 23%. The remaining weight per issuer of the eligible securities are capped at 4.5%.



3. ORDINARY REBALANCE

In order to reflect the new selection of the INDEX COMPONENTS determined on the SELECTION DAY (in accordance with Section 2.1) the INDEX is adjusted on the REBALANCE DAY after CLOSE OF BUSINESS.

The INDEX follows a monthly review schedule if, on the REVIEW SELECTION DAY, the aggregate weight per issuer above 4.5% is greater than 23%. The INDEX is adjusted on the REVIEW DAY after CLOSE OF BUSINESS in accordance with Section 2.3

For more information on the rebalance procedure please refer to the Bond Index Methodology, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>.

SOLACTIVE will publish any changes made to the INDEX COMPONENTS with sufficient notice before the REBALANCE DAY on the SOLACTIVE webpage.

4. CORPORATE ACTIONS

As part of the INDEX maintenance SOLACTIVE will consider various events – also referred to as corporate actions – which result in an adjustment to the INDEX between two regular REBALANCE DAYS. Such events have a material impact on the price, weighting or overall integrity of INDEX COMPONENTS. Therefore, they need to be accounted for in the calculation of the INDEX. Adjustments to the INDEX to account for corporate actions will be made in compliance with the Bond Index Methodology.

5. DEFINITIONS

“BENCHMARK INDEX” shall have the meaning as defined in Section “Introduction”.

“BENCHMARK REGULATION” shall have the meaning as defined in Section “Introduction”.

“BMR” shall have the meaning as defined in Section “Introduction”.

“BUSINESS DAY” is with respect to the INDEX each day Monday to Friday except the following sets of days: Holidays recommended by New York Stock Exchange and NASDAQ Stock Exchange.

“CLOSE OF BUSINESS” is a time stamp when an INDEX is calculated.

“CLOSING PRICE” in respect of an INDEX COMPONENT and a TRADING DAY is a security's final regular-hours TRADING PRICE published by the EXCHANGE and determined in accordance with the EXCHANGE regulations. If the



EXCHANGE has no or has not published a CLOSING PRICE in accordance with the EXCHANGE rules for an INDEX COMPONENT, the last TRADING PRICE will be used.

"AVERAGE DAILY VALUE TRADED" means, in respect of an INDEX COMPONENT, the sum of DAILY VALUE TRADED over the specified period divided by the number of TRADING DAYS that fall in the specified period.

"EXCHANGE" is with respect to the INDEX and every INDEX COMPONENT, the respective exchange where the INDEX COMPONENT has its listing as determined in accordance with the rules in Section 2.

"Current dividend yield" is calculated as DIVIDEND divided by CLOSING PRICE.

"Dividend" represents current indicated annual dividend value per share.

"DAILY VALUE TRADED" means, in respect of an INDEX COMPONENT and a TRADING DAY, the product of (i) the CLOSING PRICE of such INDEX COMPONENT and (ii) the volume traded (measured as a number of shares) of such INDEX COMPONENT on the EXCHANGE during such TRADING DAY.

"GUIDELINE" shall have the meaning as defined in Section "Introduction".

"INDEX" shall have the meaning as defined in Section "Introduction".

"INDEX ADMINISTRATOR" shall have the meaning as defined in Section "Introduction".

"INDEX CALCULATOR" is SOLACTIVE or any other appropriately appointed successor in this function.

"INDEX COMPONENT" is each bond reflected in the INDEX.

"INDEX COMPONENT REQUIREMENTS" shall have the meaning as defined in Section 2.1.

"INDEX CURRENCY" is the currency specified in the column "Currency" in the table in Section 1.2.

"INDEX CURRENCY COMPONENTS" is each currency on which UNDERLYING INDEX COMPONENT trades in the market.

"INDEX CURRENCY COMPONENT WEIGHT" is value resultant from the sum of all the UNDERLYING INDEX COMPONENT'S weights quoted in the respective Currency.

"INDEX CURRENCY UNIVERSE" is the sum of all currencies which fulfill the INDEX CURRENCY UNIVERSE REQUIREMENTS.

"INDEX CURRENCY UNIVERSE REQUIREMENTS" shall have the meaning as defined in Section 2.1.1

"ISSUER" is the issuing entity of the respective bond.

"OVERSIGHT COMMITTEE" shall have the meaning as defined in the Bond Index Methodology.

"PRICING PROVIDER" is available under <https://www.solactive.com/documents/bond-pricing-provider/>

"REBALANCE DAY" is the last Business Day of March and September.

"REVIEW DAY" is the last Business Day of January, February, April, May, June, July, August, October, November and December.

"REVIEW SELECTION DAY" is 10 Business Days before the scheduled REVIEW DAY.



"SELECTION DAY" is 10 Business Days before the scheduled REBALANCE DAY.

"SOLACTIVE" shall have the meaning as defined in Section "Introduction".

"TRADING PRICES" in respect of an INDEX COMPONENT and a TRADING DAY is the most recent published price at which the INDEX COMPONENT was traded on the respective EXCHANGE.

"UNDERLYING INDEX COMPONENTS" is each security reflected in the composition of the UNDERLYING INDEX.

Please note that the definitions included in the Bond Index Methodology apply to this guideline. In case of a discrepancy, the definition presented in the guidelines should prevail.



6. HISTORY OF INDEX CHANGES

Version	Date	Description
1.0	22 September 2022	Index Guideline creation (<i>initial version</i>)
1.1	16 August 2024	Adjustment to the Selection and Capping rules
1.2	25 April 2025	Adjustment to the Capping rules and addition of review schedule

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