

INDEX GUIDELINE

SOLACTIVE LUX IM SOVEREIGN CDS AND IRS
BASKET INDEX (EUR)

Version 1.0

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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 Solactive LUX IM Sovereign CDS and IRS Basket Index (EUR) (the “INDEX”). Any amendments made to the GUIDELINE are to be approved by the INDEX COMMITTEE specified in Section 4.5. The INDEX is owned, calculated, and published by Solactive AG (“SOLACTIVE”) assuming the role as sponsor (the “INDEX SPONSOR”).

The text uses defined terms which are formatted with “SMALL CAPS”. Such Terms shall have the meaning assigned to them as specified in Section 5 (Definitions).

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 – 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	CDS and Interest Rate Swaps
Strategy	Representation of a portfolio of CDS and Annuities
Regional Allocation	Global

1.2. IDENTIFIERS AND PUBLICATION

The INDEX is published under the following identifiers:

Name	ISIN	Currency	Type	BBG ticker
Solactive LUX IM Sovereign CDS and IRS Basket Index (EUR)	DE000SLORYE0	EUR	PR	SOLUXCSI Index

*PR means that the Index is calculated as price return.

The INDEX is available only via a private BBG Ticker: SOLUXCSI Index

1.3. PRICES AND CALCULATION FREQUENCY

The level of the INDEX is calculated by the INDEX SPONSOR on each CALCULATION DAY based on the data provided to the INDEX SPONSOR by the PRICE DATA PROVIDER in accordance with this GUIDELINE.

On each CALCULATION DATE from and including the START DATE (i) at or around 10:00 a.m. Luxembourg time the PRICE DATA PROVIDER will provide the INDEX SPONSOR with data relating to the value of each of the INDEX COMPONENTS as of the end of the prior CALCULATION DATE and (ii) at or around 11 a.m. Luxembourg time, the INDEX SPONSOR will publish the level of the INDEX based on such data.

Accordingly, on each CALCULATION DATE, the level of the INDEX will refer to the position as at the end of the prior CALCULATION DATE.

Notwithstanding the above, if the Price Data Provider provides the Index Sponsor with data relating to the value of each of the Index Components after 10:00 a.m. Luxembourg time on a Calculation Date, the Index Sponsor will calculate and publish the level of the Index based on such data as soon as reasonably practicable on the same Calculation Date. The Index Sponsor shall not publish the level of the Index on any day on which it does not receive the relevant information from the Price Data Provider.

2. INDEX SELECTION

The INDEX is a static basket.

2.1. INDEX UNIVERSE REQUIREMENTS

Not applicable as no ordinary rebalancing of the Index will take place.

2.2. SELECTION OF THE INDEX COMPONENTS

The INDEX will be composed of (i) hypothetical single-name CDS transactions on the terms set out in Table 1 below (each a “CDS COMPONENT”, as described below and in Table 1) between a hypothetical Fixed Rate Payer and hypothetical Floating Rate Payer; and (ii) corresponding hypothetical fixed rate annuity legs (each an “ANNUITIES COMPONENT”, as described further below and in Table 2) which are fixed rate annuities legs corresponding to the Fixed Amounts under the CDS COMPONENTS.

CDS Components

Each CDS COMPONENT will be on market standard terms for single name credit derivative transactions in respect of the relevant Reference Entity and Transaction Type using the 2014 ISDA Credit Derivative Definitions and incorporating the most recent version of the Credit Derivatives Physical Settlement Matrix published by ISDA as at the date of this GUIDELINE. Each CDS COMPONENT will have a hypothetical Fixed Rate Payer and Floating Rate Payer and the CALCULATION AGENT will be the PRICE DATA PROVIDER.

The Price Data Provider will determine the value of each of the CDS Components by reference to the mark-to-market value of such CDS Component from the perspective of the protection buyer (with a positive value meaning the value of such CDS Component is in favour of such person’s perspective and a negative value meaning the value of such CDS Component is in favour of the other party).

If an "Event Determination Date" occurs with respect to a CDS Component then the following shall apply:

- (i) If none of (ii) to (iv) below apply, the Price Data Provider shall continue to value such CDS Component by reference to its mark-to-market value until such time as one of (ii) to (iv) below apply;
- (ii) if (x) the Price Data Provider or any affiliate of the Price Data Provider has entered into one or more hedge positions in respect of such CDS Component in the Index and one or more financial products linked to the Index and (y) the Price Data Provider or such affiliate has unwound or terminated such hedge positions following such Event Determination Date (whether in whole or in part), then the valuation of the relevant CDS Component (or relevant proportion thereof) will reflect the price at which such hedge positions were terminated or unwound (whether in whole or in part); and
- (iii) subject to (ii) above:
 - a. If an Auction Settlement Date or Cash Settlement Date would have occurred under the terms of the relevant CDS Component on or prior to the relevant date in respect of which the Index level is being calculated, then the value of the relevant CDS

Component shall be equal to the resulting Auction Settlement Amount or Cash Settlement Amount; and

- b. if Physical Settlement is applicable and the latest Physical Settlement Date under the relevant CDS Component has occurred, the Price Data Provider shall determine an amount that represents the difference between the Physical Settlement Amount that would be payable under the relevant CDS Component and the value of the cheapest-to-deliver Deliverable Obligation in respect of such CDS Component (and such value of the cheapest-to-deliver Deliverable Obligation may be determined by reference to market data, quotations from dealers and/or the Price Data Provider's own models).

If the Scheduled Termination Date of the relevant CDS Component has occurred and the Price Data Provider has determined that no Credit Event has occurred and no Credit Event will occur such that such CDS Component has expired worthless to the Buyer thereunder, then the valuation of such CDS Component will be zero.

Without limiting the foregoing, when determining the value of any CDS Component for any Calculation Date, the Price Data Provider may take into account the value of any hedge positions entered into by it or any of its affiliates in respect of any financial product which references the Index.

The Price Data Provider will determine whether any notices are delivered between the hypothetical parties to each CDS Component, including without limitation to reflect any notices which are delivered under any any hedge positions entered into by it or any of its affiliates in respect of any financial product which references the Index.

Capitalised terms used in this section 2.2 in connection with a CDS COMPONENT that are not otherwise defined have the meaning given to them in the relevant CDS COMPONENT.

Notwithstanding the above and the content of Table 1 below, if the PRICE DATA PROVIDER notifies the INDEX SPONSOR that the trading conventions in the CDS market have changed (including, without limitation, due to adoption of a new set of ISDA Definitions or a supplement thereto, an ISDA Protocol, an amendment to the rules of the CDS Determinations Committee or another change to the terms on which single name CDS transactions are documented) and such changes are intended to apply to both new transactions and existing transactions (provided that the relevant parties thereto adhere to any amendment process), then the terms of the CDS COMPONENTS will be adjusted by the INDEX SPONSOR to match such new market conventions.

Table 1 – CDS Components

Reference Entity	Currency in which the notional amount of the CDS Component is denominated	Transaction Type	Reference Obligation (each issued by the Reference Entity)	Floating Rate Payer Calculation Amount	Fixed Rate	Fixed Rate Payer Payment Date(s)	Effective Date	Scheduled Termination Date
French Republic	EUR	Standard Western European Sovereign	FR0000189151 - FRTR 4 ¼ 04/25/19	EUR 100	0.25%	Quarterly on 20-Mar, 20-Jun, 20-Sep, 20-Dec	17 November 2025	20 September 2031
Republic of Italy	EUR	Standard Western European Sovereign	[US465410C A47 - ITALY 1 ¼ 02/17/26]	EUR 30	1%	Quarterly on 20-Mar, 20-Jun, 20-Sep, 20-Dec	20 June 2030	20 September 2031
Republic of Italy	EUR	Standard Western European Sovereign	[US465410C A47 - ITALY 1 ¼ 02/17/26]	EUR 5	1%	Quarterly on 20-Mar, 20-Jun, 20-Sep, 20-Dec	20 December 2030	20 September 2031
Republic of Italy	EUR	Standard Western European Sovereign	[US465410C A47 - ITALY 1 ¼ 02/17/26]	EUR 5	1%	Quarterly on 20-Mar, 20-Jun, 20-Sep, 20-Dec	20 March 2031	20 September 2031

ANNUITIES COMPONENTS

Each of the Annuity Components are constituted by a hypothetical Fixed Amount leg under the 2021 ISDA Interest Rate Derivatives Definitions between two hypothetical parties and the value of each such Annuity Components will be determined from the perspective of the hypothetical party receiving the Fixed Amount under the relevant Annuities Component such that it is expressed as a positive value.

Each Annuity Component corresponds to the CDS Component that (i) has a Floating Rate Payer Calculation Amount that is equal to the Notional Amount of such Annuity Component; and (ii) has a Scheduled Termination Date that matches the Termination Date of such Annuity Component. If in respect of any Annuity Component, the Fixed Amount under the corresponding CDS Component has ceased to accrue (due to the occurrence of an Event Determination Date under such CDS Component), then the relevant Annuity Component will be deemed to be terminated and replaced by an amount equal to the “Close-out Amount” (determined by the Price Data Provider as the Determining Party) that would be payable under a 2002 ISDA Master Agreement to the party receiving the Fixed Amount if the relevant Annuities Component was a “Terminated Transaction” which was scheduled to continue from and excluding the Event Determination Date to and including the Scheduled Termination Date.

The value of each Annuity Component will be determined by reference to its present value and such value shall offset fully against the value of the Fixed Amount payable by the hypothetical Fixed Rate Payer under the corresponding CDS Component.

Capitalised terms used in this section 2.2 in connection with an Annuity COMPONENT that are not otherwise defined have the meaning given to them in the relevant ANNUITY COMPONENT.

Table 2

Notional Amount	Fixed Rate	Fixed Rate Day Count Fraction	Fixed Amount Payer Payment Date(s)	Interest Commencement Date	Termination Date
EUR 100	0.25%	Actual/360	Quarterly on 20-Mar, 20-Jun, 20-Sep, 20-Dec	20 September 2025	20 September 2031
EUR 30	1%	Actual/360	Quarterly on 20-Mar, 20-Jun, 20-Sep, 20-Dec	20 June 2030	20 September 2031
EUR 5	1%	Actual/360	Quarterly on 20-Mar, 20-Jun, 20-Sep, 20-Dec	20 December 2030	20 September 2031
EUR 5	1%	Actual/360	Quarterly on 20-Mar, 20-Jun, 20-Sep, 20-Dec	20 March 2031	20 September 2031

3. CALCULATION OF THE INDEX

3.1. INDEX FORMULA

The level of the INDEX in respect of CALCULATION DAY_t is calculated according to the following formula:

$$Portfolio_t = PV_{t,CDS\ Component} + PV_{t,Annuities\ Component}$$

where

$PV_{t,CDS\ Component}$ is the aggregate valuation of the CDS COMPONENTS, expressed in Euro, as described in Section 2.2 (including in Table 1), determined by the PRICE DATA PROVIDER by reference to the end of the CALCULATION DAY immediately preceding CALCULATION DAY_t, and

$PV_{t,Annuities\ Component}$ is the aggregate valuation of the ANNUITIES COMPONENTS, expressed in Euro, as described in Section 2.2 (including in Table 2), determined by the PRICE DATA PROVIDER by reference to the end of the CALCULATION DAY immediately preceding CALCULATION DAY_t.

Portfolio_t is the level of the Index in respect of Calculation Day_t.

The parameters and levels used to calculate the valuations by the PRICE DATA PROVIDER (such as, but not limited to, rates, credit spreads, etc.):

- may not match the parameters or levels marked in the PRICE DATA PROVIDER trading books;
- may be different from the ones used for actual bid or offer quotes provided by the PRICE DATA PROVIDER in respect of the relevant CDS COMPONENT or ANNUITY COMPONENT or any financial product linked to the Index;
- may not cover for all the costs associated with trading such a portfolio; and
- will be lagged as described above.

3.2. ACCURACY

The level of the INDEX will be rounded to 2 decimal places.

3.3. RECALCULATION

SOLACTIVE makes the greatest possible efforts to accurately calculate and maintain its indices. However, errors in the determination process may occur from time to time for variety reasons (internal or external) and therefore, cannot be completely ruled out. SOLACTIVE endeavors to correct all errors that have been identified within a reasonable period of time. The understanding of “a reasonable period of time” as well as the general measures to be taken are generally depending on the underlying and is specified in the Solactive Correction Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/correction-policy/>.

3.4. MARKET OR TRADING DISRUPTION

In periods of market stress SOLACTIVE calculates its indices following predefined and exhaustive arrangements as described in the Solactive Disruption Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/disruption-policy/>. Such market stress can arise due to a variety of reasons, but generally results in inaccurate or delayed prices for one or more INDEX COMPONENTS. The determination of the INDEX may be limited or impaired at times of illiquid or fragmented markets and market stress.

Notwithstanding the above, the Index Sponsor shall not publish the level of the Index on any day on which it does not receive the relevant information from the Price Data Provider (including without limitation on the occurrence of (i) a market or trading disruption in relation to instruments of the same type as one or more of the relevant Index Components; (ii) a disruption to any price source used by the Price Data Provider when determining the value of any Index Component; and/or (iii) any disruption to the ability of the Price Data Provider or any of its affiliates to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any hedge positions it has entered into to hedge risk(s) arising under one or more financial products linked to the Index). The Price Data Provider is not obliged to provide the relevant information in any of the foregoing circumstances.

4. MISCELLANEOUS

4.1. DISCRETION

Any discretion which Solactive may need to exercise in relation to the determination of the INDEX shall be made in accordance with strict rules regarding the exercise of discretion or expert judgement.

This provision shall not restrict the discretion of the Price Data Provider in performing its obligations in respect of the INDEX.

4.2. METHODOLOGY REVIEW

The methodology of the INDEX is subject to regular review, at least annually. In case a need of a change of the methodology has been identified within such review (e.g. if the underlying market or economic reality has changed since the launch of the INDEX, i.e. if the present methodology is based on obsolete assumptions and factors and no longer reflects the reality as accurately, reliably and appropriately as before), such change will be made in accordance with the Solactive Methodology Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/methodology-policy/>.

Such change in the methodology will be announced to the Index Users.

4.3. CHANGES IN CALCULATION METHOD

The application by the INDEX SPONSOR of the method described in this document is final and binding. The INDEX SPONSOR shall apply the method described above for the composition and calculation of the INDEX. However, it cannot be excluded that the market environment, supervisory, legal and financial or tax reasons may require changes to be made to this method. The INDEX SPONSOR may, upon consultation with the INDEX USERS and making reasonable efforts to agree upon mutually acceptable terms, also make changes to the terms and conditions of the INDEX and the method applied to calculate the INDEX that it deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. Despite the modifications and changes, the INDEX SPONSOR will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.

4.4. TERMINATION

SOLACTIVE makes the greatest possible efforts to ensure the resilience and continued integrity of its indices over time. Where necessary, SOLACTIVE follows a clearly defined and transparent procedure to adapt Index methodologies to changing underlying markets (see Section 4.2 “Methodology Review”) in order to maintain continued reliability and comparability of the indices. Nevertheless, if no other options are available the orderly cessation of the INDEX may be indicated. This is usually the case when the underlying market or economic reality, which an index is set to measure or to reflect, changes substantially and in a way not foreseeable at the time of inception of the index, the index rules, and particularly the selection criteria, can no longer be applied coherently or the index is no longer used as the underlying value for financial instruments, investment funds and financial contracts. The Index will be terminated if the Price Data Provider permanently ceases providing the relevant data needed to calculate the level of the Index. Without limiting the foregoing, the Price Data Provider may cease providing the data needed to calculate the level of the Index if there are no financial products outstanding that reference the Index.

SOLACTIVE has established and maintains clear guidelines on how to identify situations in which the cessation of an index is unavoidable, how stakeholders are to be informed and consulted and the procedures to be followed for a termination or the transition to an alternative index. Details are specified in the Solactive Termination Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/termination-policy/>.

4.5. INDEX COMMITTEE

An index committee composed of staff from SOLACTIVE and its subsidiaries (the “INDEX COMMITTEE”) is responsible for decisions regarding any amendments to the rules of the INDEX. Any such amendment, which may result in an amendment of the GUIDELINE, must be submitted to the INDEX COMMITTEE for prior approval and will be made in compliance with the Methodology Policy, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/methodology-policy/>.

For the avoidance of doubt, before making amendments, the INDEX SPONSOR will intend to consult the users of the INDEX, i.e. the parties with obligations relating to products linked to the INDEX.

5. DEFINITIONS

“ANNUITIES COMPONENT” means each of the hypothetical Fixed Rate legs as defined in the relevant part of Section 2.2 and Table 2.

“CALCULATION AGENT” means, solely for the purposes of determining the “Calculation Agent” in respect of each CDS Component, BofA Securities Europe SA.

“CALCULATION DAY” any London BUSINESS DAY that is also a TARGET SETTLEMENT DAY.

“CDS COMPONENT” means each of the hypothetical CDS Transactions as defined in Section 2.2 and Table 1.

“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 COMMITTEE” shall have the meaning as defined in Section 4.5.

“INDEX COMPONENTS” means any of the components that are either CDS COMPONENT or ANNUITIES COMPONENT.

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

“INDEX USERS” are the parties with obligations relating to products linked to the INDEX. For the avoidance of doubt, the initial INDEX USERS are BofA Securities Europe SA and BG Fund Management Luxembourg S.A. a société anonyme incorporated in the Grand Duchy of Luxembourg with registered number B134555, whose registered office is at 2, rue Albert Borschette, L-1246 Luxembourg in its capacity as investment manager of LUX IM acting solely in respect of its sub-fund LUX IM – GLOBAL EQUITY UPSIDE.

“LONDON BUSINESS DAY” means each day on which commercial banks and foreign exchange markets are open for general business (including settling payments and dealings in foreign exchange and foreign currency deposits) in London.

“PRICE DATA PROVIDER” Means BofA Securities Europe SA.

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

“START DATE” means [17] November 2025 or such other day elected by the Price Data Provider.

“TARGET SETTLEMENT DAY” means any day on which the real time gross settlement system operated by the Eurosystem (or any successor provider of that system) (or any successor transfer system) is open for the settlement of payments in Euro.

6. HISTORY OF INDEX CHANGES

Version	Date	Description
1.0		Index Guideline creation (<i>initial version</i>)

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