



Index Manual relating to the Solactive Demography Index

Version 1.0 dated November 26th, 2015

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This document contains the underlying principles and regulations regarding the structure and the operating of the Solactive Demography Index. Solactive AG (the “**Index Sponsor**”) shall make every effort to implement regulations. Solactive AG does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the Index nor the Index value at any certain point in time nor in any other respect. The Index is merely calculated and published by Solactive AG and it strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for Solactive AG – 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 AG is no recommendation for capital investment and does not contain any assurance or opinion of Solactive AG regarding a possible investment in a financial instrument based on this Index.

Introduction

This document (the “**Index Manual**”) is to be used as a guideline with regard to the composition, calculation and management of the Solactive Demography Index. Any changes made to the Index Manual are initiated by the Committee specified in Section 1.6. This version of the Index Manual is correct as of the date on the cover of this document. The Solactive Demography Index is calculated and published by Solactive AG. The name “Solactive” is copyrighted.

1 Index Specifications

The Solactive Demography Index (the “**Index**”) is an Index of Solactive AG and is calculated and published by Solactive AG.

The Index is calculated real time and published in EUR.

1.1 Short Name and ISIN

The Solactive Demography Index is distributed under the ISIN DE000SLA1HX8; the WKN is SLA1HX. The Index is published in Reuters under the code <.SOLWISE> and in Bloomberg under the code < SOLWISE Index>.

1.2 Initial Value

The Index is based on 100 at the close of trading on the start date, September 30, 2010.

1.3 Distribution

The Index is published via the price marketing services of Boerse Stuttgart AG and is distributed to all affiliated vendors. Each vendor decides on an individual basis as to whether he will distribute/display the Index via his information systems.

1.4 Levels and Calculation Frequency

The level of the Index is calculated continuously on each Index Calculation Date based on the prices on the respective Exchanges on which the Index Components are listed. Should there be no current Trading Price available on Reuters, the most recent Trading Price or the Trading Price on Reuters for the preceding Index Calculation Date is used in the calculation. Prices of Index Components not listed in the Index Currency are converted using spot foreign exchange rates quoted by Reuters. The daily index closing value is calculated using Reuters/WMCO closing spot rates as at 4pm London time.

The Index is calculated and published continuously every Index Calculation Date from 9:00am to 10:30pm, CET, with updates every 15 seconds. In the event that data cannot be provided to the pricing services of Boerse Stuttgart AG the Index level cannot be published.

Any incorrect calculation is adjusted on a retrospective basis. Please note that at the time of the calculation and publication of the Index, the prices used for the calculation may already have changed.

1.5 Weighting

On each Adjustment Day the index components are weighted by their respective inverse historical volatility relative to the index' total inverse historical volatility.

1.6 Decision-making Bodies

A committee (in this Index Manual referred to as the "**Committee**" or the "**Index Committee**") composed of staff from Solactive AG is responsible for selecting and weighting the new index composition in accordance with the rules as described in this Index Manual. The Committee shall also decide about the implementation of any necessary adjustments to the Index in accordance with any applicable regulations that might affect any product that references the Index.

The Committee shall also decide about the future composition of the Index in the event that any Extraordinary Event occurs.

The Committee shall make all decisions and any amendments to the Index Manual on a commercially reasonable basis.

The Index rules will be reviewed annually in December by the committee.

1.7 Publication

All specifications and information relevant for calculating the Index are made available on the <http://www.solactive.com> web page and sub-pages (or any successor pages thereto).

1.8 Historical Data

Historical data will be maintained from the Index Base Date on September 30 2010.

1.9 Licensing

Licences to use the Index as the underlying value for derivative instruments are issued to stock exchanges, banks, financial services providers and investment houses by Solactive AG.

2 Composition of the Index

2.1 Selection of the Index Components

The initial composition of the Index as well as any ongoing adjustment is based on the following rules:

On the Selection Days, Solactive AG defines its Index Universe, a pool that encompasses stocks that pass the minimum criteria defined in 4. These stocks are then ranked by their forecasted dividend yield in descending order. The 60 stocks with the highest expected dividend yield are included in further analysis. Lastly, the remaining stocks are ranked by their volatility in descending order. The 30 stocks with the smallest volatility are included in the index. Each sector can have at most a weight of 50% of the index. If the sum of weights of instruments in each sector is above 50%, the stocks with the highest volatility in that sector are excluded and the instruments with the next lowest volatility from other sectors are included in the index. These instruments depict the final index selection on each respective selection date.

2.2 Ordinary Adjustment

The composition of the Index is adjusted annually on the last business day in September. The composition of the Solactive Demography Index is reviewed on the Selection Day and necessary changes are announced.

The first adjustment will be made in September 2016 based on the Trading Prices of the Index Components on the Adjustment Day.

Solactive AG shall publish any changes made to the Index composition on the Selection Day and consequently with sufficient notice before the Adjustment Day.

2.3 Extraordinary Adjustment

If a company included in Solactive Demography Index is removed from the Index between two Adjustment Days due to an Extraordinary Event, if necessary, the Committee shall designate a successor. This is announced by Solactive AG after the close of business on the day on which the new composition of the Index was determined by the Committee. The Solactive Demography Index is adjusted with two days' notice if possible.

3 Calculation of the Index

3.1 Index Formula

The Index Value on a Index Calculation Date at the relevant time is calculated in accordance with the following formula:

$$Index_t = \sum_{i=1}^n x_{i,t} * p_{i,t}$$

with:

$x_{i,t}$ = Number of Index Shares of the Index Component i on Index Calculation Date t

$p_{i,t}$ = Trading Price of Index Component i on Index Calculation Date t

3.2 Accuracy

The value of the Index will be rounded to the nearest 0.01.

Trading Prices and foreign exchange rates will be rounded to the nearest 0.0001.

3.3 Adjustments

The Index needs to be adjusted for systematic changes in prices due to Corporate Actions once these become effective.

Following the Committee's decision the Solactive Demography Index is adjusted for distributions, capital increases and stock splits.

This procedure ensures that the first ex quote can be properly reflected in the calculation of the Index. This ex-ante procedure assumes the general acceptance of the Index calculation formula as well as open access to the parameter values used. The calculation parameters are provided by the Index Sponsor.

3.4 Dividends and other Distributions

Dividend payments and other distributions are included in the Index. They cause an adjustment of the Divisor. The new Divisor is calculated as follows:

$$x_{i,t} = x_{i,t-1} * \frac{p_{i,t-1}}{p_{i,t-1} - D_{i,t}}$$

with

$p_{i,t}$ = Trading Price of Index Component i on Index Calculation Date t

$x_{i,t}$ = Number of Index Shares of the Index Component i on Index Calculation Date t

$D_{i,t}$ = Dividend on Date t less country-specific withholding tax

3.5 Corporate Actions

3.5.1 Principles

Following the announcement of an Index Component of the terms and conditions of a corporate action the Index Sponsor determines whether such corporate action has a dilutive, concentrative or similar effect on the price of the respective Index Component.

If this should be the case the Index Sponsor shall make the necessary adjustments that are deemed appropriate in order to take into account the dilutive, concentrative or similar effect and shall determine the date on which this adjustment shall come into effect.

Amongst other things the Index Sponsor can take into account the adjustment made by an Affiliated Exchange as a result of the corporate action with regard to option and futures contracts on the respective share traded on this Affiliated Exchange.

3.5.2 Capital Increases

Should there be a capital increase (from the Index Component's own resources or through cash contributions), the new Numbers of Shares shall be calculated as follows:

$$x_{i,t} = x_{i,t-1} * \frac{p_{i,t-1}}{p_{i,t-1} - rB_{i,t-1}} \quad \text{with:} \quad rB_{i,t-1} = \frac{p_{i,t-1} - B}{BV + 1}$$

- $x_{i,t}$ = Number of Shares of Index Component i on the day of the distribution
- $x_{i,t-1}$ = Number of Shares of Index Component i on the day prior to the distribution
- $p_{i,t-1}$ = Closing price on the day prior to ex date
- $rB_{i,t-1}$ = Calculated value of rights issue
- B = Price of rights issue
- BV = Subscription ratio

$B=0$ if capital is increased from the company's own resources.

3.5.3 Share Splits

Should there be Share splits and par value conversions it is assumed that the prices shall change in ratio to the number of Shares or to the par values. The new Number of Shares shall be calculated as follows:

$$x_{i,t} = x_{i,t-1} * \frac{N_{i,t-1}}{N_{i,t}}$$

- $N_{i,t-1}$ = Former par value of security class i (or new number of shares)
- $N_{i,t}$ = New par value of security class i (or former number of shares)
- $x_{i,t}$ = Number of Shares of the affected Index Component on the day of the distribution
- $x_{i,t-1}$ = Number of Shares of the affected Index Component on the day prior to the distribution

3.5.4 Spin-Offs

In case of a spin-off affecting an index component, the index is adjusted according to the following procedure:

- 1) The spun-off company is added to the index based on the terms of the spin-off and remains in the index.

In case the above procedure is not applicable for a spin-off the index may be adjusted according to the following options based on a decision of the respective index committee:

- 1) The spun-off company is not included in the index. The index is adjusted at the close of trading on the business day prior to the ex date for the value of the right to receive new shares in the spun-off company (based on the transaction terms and the closing price of the spun-off company on the business day prior to the ex date, if the spun-off company has already been trading before the ex date).
- 2) The spun-off company is added to the index based on the terms of the spin-off and deleted at the close of trading on the ex date.

3.6 Calculation of the Index in the Event of a Market Disruption Event

The Index is not calculated if a Market Disruption Event or Force Majeure Event occurs. If the Market Disruption Event or Force Majeure Event continues over a period of eight Index Calculation Dates, then the Committee will determine the necessary action (including but not limited to taking into account the market conditions prevailing at this point in time, the last quoted Trading Price for each of the Index Components as well as any other conditions that it deems relevant for calculating the Index value) such that the affected securities resulting from the Market Disruption Event are no longer causing such disruption to occur.

4 Definitions

“**Solactive Demography Index Universe**” in respect of a Selection Day are companies that fulfill the following criteria:

- (a) Primary exchange listing in Western Europe
- (b) Belongs to one of the “relevant industries”
- (c) Minimum market capitalization of EUR 100 million
- (d) In case of multiple share classes, the most liquid share class is included
- (e) 3 months ADV of at least EUR 500,000 in the last three months.
- (f) Forecasted Dividend Yield must be positive

“**Index Component**” is each share currently included in the Index.

“**Number of Shares**” is in respect of an Index Component and any given Business Day the number or fraction of shares included in the Index. It is calculated for any Index Component as the ratio of (A) the Percentage Weight of an Index Component multiplied by the Index value and (B) its Trading Price.

“**Percentage Weight**” of an Index Component is the ratio of its Trading Price multiplied by its Number of Shares divided by the Index value.

“**Dividend Correction Factor**” is calculated as 1 minus the applicable withholding tax rate and/or other applicable tax rate currently prevalent in the respective country.

“**Relevant Industries**” are the following industries as defined by Factset®:

Factset Code	Name
1405	Motor Vehicles
1435	Recreational Products
2305	Pharmaceuticals: Major
2310	Pharmaceuticals: Other
2315	Pharmaceuticals: Generic
2325	Medical Specialties
2440	Apparel/Footwear
3270	Medical Distributors
3355	Managed Health Care
3360	Hospital/Nursing Management
3365	Medical/Nursing Services
3370	Services to the Health Industry
3440	Hotels/Resorts/Cruiselines
3550	Internet Retail
4860	Multi-Line Insurance
4865	Life/Health Insurance
3415	Cable/Satellite TV
3435	Restaurants
4610	Airlines
3530	Home Improvement Chains
3510	Drugstore Chains
3535	Electronics/Appliance Stores
3420	Publishing: Newspapers
3425	Publishing: Books/Magazines

In particular an **“Extraordinary Event”** is

- a Merger
- a Takeover bid
- a delisting
- the Nationalisation of a company
- Insolvency.

The Trading Price for this Index Component on the day the event came into effect is the last available market price for this Index Component quoted on the Exchange on the day the event came into effect (or, if a market price is not available for the day the event came into effect, the last available market price quoted on the Exchange on a day specified as appropriate by the Index Calculator), as determined by the Index Calculator, and this price is used as the Trading Price of the particular Index Component until the end of the day on which the composition of the Index is next set.

In the event of the Insolvency of an issuer of an Index Component the Index Component shall remain in the Index until the next Adjustment Day. As long as a market price for the affected Index Component is available on a Business Day, this shall be applied as the Trading Price for this Index Component on the relevant Business Day, as determined in each case by the Index Calculator. If a market price is not available on a Business Day the Trading Price for this Index Component is set to zero. The Committee may also decide to eliminate the respective Index Component at an earlier point in time prior to the next Adjustment Day. The procedure in this case is identical to an elimination due to and Extraordinary Event.

An Index Component is **“delisted”** if the Exchange announces pursuant to the Exchange regulations that the listing of, the trading in or the issuing of public quotes on the Index Component at the Exchange has ceased immediately or will cease at a later date, for whatever reason (provided delisting is not because of a Merger or a Takeover bid), and the Index Component is not immediately listed, traded or quoted again on an exchange, trading or listing system, acceptable to the Index Calculator,

“Insolvency” occurs with regard to an Index Component if (A) all shares of the respective issuer must be transferred to a trustee, liquidator, insolvency administrator or a similar public officer as result of a voluntary or compulsory liquidation, insolvency or winding-up proceedings or comparable proceedings affecting the issuer of the Index Components or (B) the holders of the shares of this issuer are legally enjoined from transferring the shares.

A **“Takeover bid”** is a bid to acquire, an exchange offer or any other offer or act of a legal person that results in the related legal person acquiring as part of an exchange or otherwise more than 10% and less than 100% of the voting shares in circulation from the issuer of the Index Component or the right to acquire these shares, as determined by the Index Calculator based on notices submitted to public or self-regulatory authorities or other information considered by the Index Calculator to be relevant.

With regard to an Index Component a **“Merger”** is

- (i) a change in the security class or a conversion of this share class that results in a transfer or an ultimate definite obligation to transfer all the shares in circulation to another legal person,
- (ii) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer to exchange shares with another legal person (except in a merger or share exchange under which the issuer of this Index Component is the acquiring or remaining company and which does not involve a change in security class or a conversion of all the shares in circulation),
- (iii) a takeover offer, exchange offer, other offer or another act of a legal person for the purposes of acquiring or otherwise obtaining from the issuer 100% of the shares issued that entails a transfer or the irrevocable obligation to transfer all shares (with the exception of shares which are held and controlled by the legal person), or
- (iv) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer of the share or its subsidiaries to exchange shares with another legal person, whereby the issuer of the share is the acquiring or remaining company and it does not involve a change in the class or a conversion of the all shares issued, but the shares in circulation directly prior to such an event (except for shares held and controlled by the legal person) represent in total less than 50% of the shares in circulation directly subsequent to such an event.

"Three Months Average Daily Traded Value" or **"3 month ADV"** is the average daily value traded for the past 3 months.

The **"Merger Date"** is the date on which a Merger is concluded or the date specified by the Index Calculator if such a date cannot be determined under the law applicable to the Merger.

"Nationalisation" is a process whereby all shares or the majority of the assets of the issuer of the shares are nationalised or are expropriated or otherwise must be transferred to public bodies, authorities or institutions.

"Exchange" is, in respect of Solactive Demography Index and every Index Component, the respective primary exchange where the Index Component has its primary listing. The Committee may decide to declare a different stock exchange the **"Exchange"** for trading reasons, even if the company is only listed there via a Stock Substitute.

"Stock Substitute" includes in particular American Depository Receipts (ADR) and Global Depository Receipts (GDR).

With regard to an Index component (subject to the provisions given above under **"Extraordinary Events"**) the **"Trading Price"** in respect of a Trading Day is the closing price on this Trading Day determined in accordance with the Exchange regulations. If the Exchange has no closing price for an Index Component, the Index Calculator shall determine the Trading Price and the time of the quote for the share in question in a manner that appears reasonable to him.

A **"Trading Day"** is in relation to the Index or an Index Component a Trading Day on the Exchange (or a day that would have been such a day if a market disruption had not occurred), excluding days on which trading may be ceased prior to the normal Exchange closing time. The Index Calculator is ultimately responsible as to whether a certain day is a Trading Day with regard to the Index or an Index Component or in any other connection relating to this document.

A **"Business Day"** is a day on which US stock exchanges are open for trading.

The **"Index Calculator"** is Solactive AG or any other appropriately appointed successor in this function.

The **"Index Currency"** is EUR.

Volatility is the historical annualized volatility over the past 12 months as of the selection date.

"Market Capitalization" is with regard to each of the shares in the Solactive Demography Index Universe on a Selection Day or Adjustment Day the value published as the Market Capitalization for this day.

As at the date of this document Market Capitalization is defined as the value of a company calculated by multiplying the number of shares outstanding of the company by its share price.

"Adjustment Day" is the last Business Day in September.

"Selection Day" is 5 business days prior to the Adjustment Day.

An **"Affiliated Exchange"** is with regard to an Index Component an exchange, a trading or quotation system on which options and futures contracts on the Index Component in question are traded, as specified by the Index Calculator.

A **"Market Disruption Event"** occurs if

1. one of the following events occurs or exists on a Trading Day prior to the opening quotation time for an Index Component:
 - A) trading is suspended or restricted (due to price movements that exceed the limits allowed by the Exchange or an Affiliated Exchange, or for other reasons):
 - 1.1. across the whole Exchange; or
 - 1.2. in options or futures contracts on or with regard to an Index Component or an Index Component that is quoted on an Affiliated Exchange; or
 - 1.3. on an Exchange or in a trading or quotation system (as determined by the Index Calculator) in which an Index Component is listed or quoted; or

- B) an event that (in the assessment of the Index Calculator) generally disrupts and affects the opportunities of market participants to execute on the Exchange transactions in respect of a share included in the Index or to determine market values for a share included in the Index or to execute on an Affiliated Exchange transaction with regard to options and futures contracts on these shares or to determine market values for such options or futures contracts; or
2. trading on the Exchange or an Affiliated Exchange is ceased prior to the usual closing time (as defined below), unless the early cessation of trading is announced by the Exchange or Affiliated Exchange on this Trading Day at least one hour before
- (aa) the actual closing time for normal trading on the Exchange or Affiliated Exchange on the Trading Day in question or, if earlier.
- (bb) the closing time (if given) of the Exchange or Affiliated Exchange for the execution of orders at the time the quote is given.
- “Normal exchange closing time”** is the time at which the Exchange or an Affiliated Exchange is normally closed on working days without taking into account after-hours trading or other trading activities carried out outside the normal trading hours; or
3. a general moratorium is imposed on banking transactions in the country in which the Exchange is resident if the above-mentioned events are material in the assessment of the Index Calculator, whereby the Index Calculator makes his decision based on those circumstances that he considers reasonable and appropriate.

5 Appendix

5.1 Contact data

Information regarding the Solactive Demography Index

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5.2 Calculation of the Index – Change 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, financial or tax reasons may require changes to this method. The Index Sponsor may also make changes to the terms and conditions of the Index and the method applied to calculate the Index, which he 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.