

## **GUIDELINE**

### **Solactive Focus US Index (PR)**

Version 1.0 dated January 30<sup>th</sup>, 2017



# Contents

## Introduction

### 1 Index specifications

- 1.1 Short name and ISIN
- 1.2 Initial value
- 1.3 Distribution
- 1.4 Prices and calculation frequency
- 1.5 Weighting
- 1.6 Decision-making bodies
- 1.7 Publication
- 1.8 Historical data
- 1.9 Licensing

### 2 Composition of the Index

- 2.1 Selection of the index components
- 2.2 Ordinary adjustment
- 2.3 Extraordinary adjustment

### 3 Calculation of the Index

- 3.1 Index formula
- 3.2 Accuracy
- 3.3 Adjustments
- 3.4 Dividends and other distributions
- 3.5 Corporate actions
- 3.6 Calculation of the Index in the event of a market disruption

### 4 Definitions

### 5 Data sources

### 6 Appendix

- 6.1 Contact data
- 6.2 Calculation of the Index – change in calculation method

This document contains the underlying principles and regulations regarding the structure and the operating of the Solactive Focus US Index (PR). Solactive AG 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 is to be used as a guideline with regard to the composition, calculation and management of the Solactive Focus US Index (PR). Any changes made to the guideline are initiated by the Committee specified in section 1.6. The Solactive Focus US Index (PR) is calculated and published by Solactive AG. The name “Solactive” is copyrighted.

## 1 Index specifications

The Solactive Focus US Index (PR) (“Solactive Focus US Index (PR)”, the “Index”) is an Index of Solactive and is calculated and distributed by Solactive AG.

The index aims to track the performance of 50 US companies<sup>1</sup> with high forecasted dividend yields and low historical volatility, excluding those stocks that generate a relatively low portion of their revenues in the US.

The Index is a price return index.

The Index is published in US-Dollar.

### 1.1 Short name and ISIN

The Solactive Focus US Index (PR) is distributed under ISIN DE000SLA2282; the WKN is SLA228. The Index is published in Reuters under the code .SOLFUS and in Bloomberg under the code SOLFUS Index.

### 1.2 Initial value

The Index is based on 100 at the close of trading on the start date, August 6<sup>th</sup>, 2008.

### 1.3 Distribution

The Solactive Focus US Index (PR) 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 Solactive Focus US Index (PR) via his information systems.

### 1.4 Prices and calculation frequency

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<sup>1</sup> The index might have more or less than 50 components under special circumstances. Please refer to the last paragraph of section 2.1, 2.3, 3.5.3 for more information.

The price of the Solactive Focus US Index (PR) is calculated every 15 seconds on each Business Day except on Index Holidays based on the prices on the respective Exchanges on which the Index Components are listed. The most recent prices of all Index Components are used. Should there be no current price available on Reuters, the most recent price or the Trading Price on Reuters for the preceding Trading Day is used in the calculation.

The Solactive Focus US Index (PR) is calculated every Business Day from 9:30am to 16:30pm, EST. In the event that data cannot be provided to Reuters or to the pricing services of Boerse Stuttgart AG the Index cannot be distributed.

Any incorrect calculation is adjusted on a retrospective basis.

## **1.5 Weighting**

On each Adjustment Day each Index Component of the Solactive Focus US Index (PR) is weighted equally, according to the closing prices (adjusted for corporate actions that impact the number of shares outstanding) of the Index Components on the Selection Day.

## **1.6 Decision-making bodies**

A committee composed of staff from Solactive is responsible for decisions regarding the composition of the Solactive Focus US Index (PR) as well as any amendments to the rules (in this document referred to as the “Committee” or the “Index Committee”). The future composition of the Solactive Focus US Index (PR) is determined by the Committee on the Selection Days according to the procedure outlined in 2.1 of this document. The Committee shall also decide about the future composition of the Solactive Focus US Index (PR) if any Extraordinary Events should occur and the implementation of any necessary adjustments.

Members of the Committee can recommend changes to the guideline and submit them to the Committee for approval.

## **1.7 Publication**

All specifications and information relevant for calculating the Index are made available on the <http://www.solactive.de> web page and sub-pages.

## **1.8 Historical data**

Historical data will be maintained from the launch of the Index on **August 17<sup>th</sup>, 2016**.

## **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.

# **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 defines the Solactive Focus US Index (PR) Universe, a selection pool that encompasses all stocks which meet the following criteria:

- Membership in the benchmark, the Solactive US Large & Mid Cap Index (PR), which is distributed under ISIN DE000SLA0Q70. The benchmark is published in Reuters under the code .SOLUSMCP and in Bloomberg under the code SOLUSMCP Index. Further details can be found in the benchmark guideline.

- The percentage revenue generated in the US must be larger than that of the first quartile of all stocks which are in the Solactive US Large & Mid Cap Index (PR) and ranked from smallest to largest percentage revenue. The data is from Factset GeoRev.

- Minimum average daily value traded of 10 million US-Dollar over the last 6 months. The data is sourced from Factset.

- Stocks which have not paid a dividend over the 3 months period starting 12 months ago are excluded.

- Piotroski Score of 5 or higher. The data is sourced from Factset.

From all stocks from this universe, all stocks which fulfil the above mentioned criteria are first ranked independently by two criteria:

- 1) By their 12 month past volatility from lowest to highest, denoted by  $RANK_{vola}$
- 2) By their forward looking dividend yield from highest to lowest, denoted by  $RANK_{divyield}$

The volatility data is from Factset and the forward looking dividend yield is from I/B/E/S.<sup>2</sup>

An overall rank is calculated as  $RANK = 0.3 \times RANK_{vola} + 0.7 \times RANK_{divyield}$  and all stocks are ranked by RANK from lowest to highest. The 50 stocks with the lowest RANK, subject to a Sector cap of 17 stocks (i.e. 34% of index components), are then selected.

Two or more stocks might receive the same combined RANK, in which case one must determine which stock should be chosen, as the RANK procedure might lead to a number larger than 50 stocks. For example, stocks ranked 50 and 51 might have obtained the same RANK. In this case, the following procedure is applied: first, stocks with the higher dividend estimate will be included. If both stocks have the same dividend estimate, then the stock with the lower 3 month past volatility will be included. In case neither leads to a clear decision, the stock with the higher Minimum average daily value traded over the last 6 months will be included. If this does not lead to a clear decision, then the stock with the larger Free Float Market cap will be included in the index. If this does not lead to a clear decision, then the stock with the higher GeoRev percentage will be used. If this does not lead to a clear decision, then the stocks are ordered alphabetically by their share class name, and the stock which appears first is chosen.

If, on any selection day, the number of stocks remaining after the final ranking process is less than 50, but not less than 30, the index will include these many number of stocks. If the number of stocks remaining after the final ranking process is less than 30, the index will include additional stocks so that the minimum number of 30 is reached by implementing the following procedure: An additional modified RANK is calculated, denoted  $RANK^*$ , which is similar to RANK with the exception that stocks which have not paid a dividend over the quarter starting 12 months ago are not excluded from the ranking process. Stocks with the lowest  $RANK^*$  which have not been selected by RANK will be added in the index until the minimum number of 30 is reached.

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<sup>2</sup> Section 5 provides more information on data sources.

## **2.2 Ordinary adjustment**

The composition of the Solactive Focus US Index (PR) is reviewed on each Selection Day and necessary changes are announced. The composition of the Index is rebalanced on each Adjustment Day.

In case one of the stocks affected on the Adjustment Day cannot be traded due to a non-trading day at the respective country, the rebalance of the index will be postponed by one days or more, i.e. until all stocks can be traded.

The first adjustment will take place on February 1<sup>st</sup> 2017 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 is removed from the Index between two ordinary Adjustment Days due to an Extraordinary Event, the weight of the stock will be redistributed pro rata amongst the remaining index members. This is announced by Solactive AG after the decision has been made on its webpage. The Index is adjusted with two days notice if possible. In case of a spin-off by an Index constituent, the spun-off company will be added to the Index according to the terms on the effective date. Extraordinary adjustments may result in the Index tracking more or less than 50<sup>3</sup> companies. For all extraordinary corporate actions not covered within this document, the Index Committee will announce the specific treatment on the Solactive webpage.

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<sup>3</sup> The index might have less than 50 components under special circumstances. Please refer to the last paragraph of section 2.1 for more information.

## 3 Calculation of the Index

### 3.1 Index formula

The Solactive Focus US Index (PR) is an index whose value on a Business Day is calculated in accordance with the following formula

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

with:

$x_{i,t}$  = Number of Index Shares of the Index Component i on Business Day t

$p_{i,t}$  = Price of Index Component i on Business Day t

$f_{i,t}$  = Foreign exchange rate to convert the Price of Index Component i on Business Day t into the Index Currency

$D_t$  = Divisor on Business Day t

$n$  = Actual number of stocks

Where on the first Business Day:

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

On any other subsequent Business Day t except Adjustment Days:

$$x_{i,t} = x_{i,t-1}$$

If the Business Day t is also an Adjustment Day, the Number of Shares are calculated as follows for the upcoming Trading Day

$$x_{i,t+1} = \frac{1}{n} * \frac{1}{p_{i,t}}$$

$x_{i,t}$  = Number of Shares of the Index Component i on Business Day t

$p_{i,t}$  = Price of Index Component i on Business Day t in Index Currency

The initial Divisor on the Start Date is calculated according to the following formula:

$$D_t = \frac{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t})}{100}$$

After the close of trading on each Adjustment Day  $t$  the new Divisor is calculated as follows:

$$D_t = \frac{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t})}{Index_t}$$

This Divisor is valid starting the immediately following Business Day.

The Solactive Focus US Index (PR) is a price return index.

### 3.2 Accuracy

The value of the Index will be rounded to two decimal places.

The Number of Shares of the Index Components will not be rounded.

Trading Prices will be rounded to six decimal places.

### 3.3 Adjustments

Indices need to be adjusted for systematic changes in prices once these become effective. This requires the new Number of Shares of the affected Index Component to be calculated on an ex-ante basis.

The Solactive Focus US Index (PR) is adjusted for dividends, capital increases (rights issues), capital reductions, share splits and par value conversions as well as, in accordance with the principles in 3.5.1, other corporate actions.

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 Solactive AG.

Any delay in calculating the new Number of Shares of an Index Component would create problems. Therefore the procedure described above is the most appropriate.

### 3.4 Dividends

Special cash dividend payments are included in the Index. They cause an adjustment of the Divisor. The new Divisor is calculated as follows:

$$D_{t+1} = D_t * \frac{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t}) - (x_{i,t} * y_{i,t} * g_{i,t})}{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t})}$$

with

$p_{i,t}$  = Price of Index Component i on Business Day t

$f_{i,t}$  = Foreign exchange rate to convert the Price of Index Component i on Business Day t into the Index Currency

$x_{i,t}$  = Number of Index Shares of the Index Component i on Business Day t

$y_{i,t}$  = Distribution of Index Component i with ex date t+1 multiplied by the Dividend Correction Factor

$g_{i,t}$  = Foreign exchange rate to convert the amount of the distribution of Index Component i on Business Day t into the Index Currency

$D_t$  = Divisor on Business Day t

$D_{t+1}$  = Divisor on Business Day t+1

### 3.5 Corporate actions

#### 3.5.1 Principles

Following the announcement by a company included in the Index of the terms and conditions of a corporate action the Index Calculator determines whether such corporate action has a dilution, concentration or other effect on the price of the Index Component.

If this should be the case the Index Calculator shall make the necessary adjustments to the affected Index Component and/or the formula for calculating the Index and/or to other terms and conditions of this document that he deems appropriate in order to take into account the dilution, concentration or other effect and shall determine the date on which this adjustment shall come into effect.

Amongst other things the Index Calculator 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 (rights issues)

In the case of capital increases with ex date t+1 the Index is adjusted as follows:

$$x_{i,t+1} = x_i * \frac{1+B}{1} \quad \text{with:}$$

$x_{i,t+1}$  = Number of Index Shares of Index Component i on Business Day t+1  
 $x_{i,t}$  = Number of Index Shares of Index Component i on Business Day t  
 $B$  = Shares received for every share held

$$p_{i,t+1} = \frac{p_{i,t} + s * B}{1 + B} \quad \text{with:}$$

$p_{i,t}$  = Price of Index Component i on Business Day t  
 $p_{i,t+1}$  = Hypothetical Price of Index Component i on Business Day t+1  
 $s$  = Subscription Price in the Index Component currency

$$D_{t+1} = D_t * \frac{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t}) + \sum_{i=1}^n [(x_{i,t+1} * p_{i,t+1} * f_{i,t}) - (x_{i,t} * p_{i,t} * f_{i,t})]}{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t})}$$

with

$p_{i,t}$  = Price of Index Component i on Business Day t  
 $f_{i,t}$  = Foreign exchange rate to convert the Price of Index Component i on Business Day t into the Index Currency  
 $x_{i,t}$  = Number of Index Shares of the Index Component i on Business Day t  
 $p_{i,t+1}$  = Hypothetical price of Index Component i on Business Day t+1  
 $x_{i,t+1}$  = Number of Index Shares of the Index Component i on Business Day t+1  
 $D_t$  = Divisor on Business Day t  
 $D_{t+1}$  = Divisor on Business Day t+1

### 3.5.3 Share splits and par value conversions

In the case of share splits with ex date on Business Day t+1 it is assumed that the prices change in ratio of the terms of the split. The new Number of Index Shares is calculated as follows:

$$x_{i,t+1} = x_{i,t} * B$$

$x_{i,t}$  = Number of Index Shares of the affected Index Component on Business Day t

$x_{i,t+1}$  = Number of Index Shares of the affected Index Component on Business Day t+1  
B = Shares after the share split for every share held before the split

#### 3.5.4 Stock distributions

In the case of stock distributions with ex date on Business Day t+1 it is assumed that the prices change according to the terms of the distribution. The new Number of Index Shares is calculated as follows:

$$x_{i,t+1} = x_{i,t} * (1 + B)$$

$x_{i,t}$  = Number of Index Shares of the affected Index Component on Business Day t  
 $x_{i,t+1}$  = Number of Index Shares of the affected Index Component on Business Day t+1  
B = Shares received for every share held

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

In the event of a Market Disruption Event, the Index Calculator calculates the Index value, 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.

## 4. Definitions

**“Adjustment Day”** is each first Wednesday in February, May, August and November or if such day is not a Business Day the immediate next Business Day.

An **“Affiliated Exchange”** is with regard to an Index Component an exchange, or 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 **“Business Day”** is every day on which the New York Stock Exchange is open for trading.

**“Exchange”** is, in respect of 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.

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

- a Merger
- 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.

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.

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.

**“Free Float Market Capitalization”** means the Market Capitalization based on publicly available free float shares. The free float shares are calculated by subtracting the shares held by insiders and those deemed to be stagnant shareholders from the shares outstanding.

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

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

The **“Index Currency”** is US-Dollar.

**“Market Capitalization”** is with regard to each of the shares in the Solactive Focus US Index (PR) Universe on a Selection Day or Adjustment Day the value published on Reuters 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.

A **“Market Disruption Event”** occurs if

1. one of the following events occurs or exists on a Business 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 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 normal exchange closing time (as defined below), unless the early cessation of trading is announced by the Exchange or Affiliated Exchange on this Business Day at least one hour before
  - (aa) the actual closing time for normal trading on the Exchange or Affiliated Exchange on the Business 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.

**“Number of Shares”** is defined in section 3.1.

**“Piotroski Score”** is based on 9 criteria. It is defined as the number of criteria that a company meets and can range from 0 to 9.

- (i) ROA positive. ROA is calculated as net income before extraordinary items divided by total assets
- (ii) CFO positive. CFO is cash flow from operations divided by total assets.
- (iii)  $\Delta$ ROA positive.  $\Delta$ ROA is simply the year-on-year change in ROA.
- (iv) Accruals negative. Accruals are defined as ROA minus CFO.
- (v)  $\Delta$ Leverage negative.  $\Delta$ Leverage is the annual change in a company's leverage as measured by the year-on-year change in the ratio of long-term debt to total assets.
- (vi)  $\Delta$ Liquid positive.  $\Delta$ Liquid is the annual change in the current ratio (the ratio of current assets to current liabilities).
- (vii)  $\Delta$ Finance negative.  $\Delta$ Finance is the year-on-year change in number of shares.
- (viii)  $\Delta$ Margin positive.  $\Delta$ Margin is the year-on-year change in the gross operating margin.
- (ix)  $\Delta$ Turnover positive.  $\Delta$ Turnover is the year-on-year change in the asset turnover (sales over assets) ratio.

**“Sector”** means the sector classification as provided by FactSet under the field “FG\_FACTSET\_ECONOMY”.

**“Selection Day”** is the Business Day ten Business Days prior to the Adjustment Day.

**“Solactive Focus US Index (PR) Universe”** in respect of a Selection Day are companies that fulfill the following criteria:

-Membership in the benchmark, the Solactive US Large & Mid Cap Index (PR), which is distributed under ISIN DE000SLA0Q70. The benchmark is published in Reuters under the code .SOLUSMCP and in Bloomberg under the code SOLUSMCP Index. Further details can be found in the benchmark guideline.

-The revenue generated in the US must be larger than that of the first quartile of all stocks which are in the Solactive US Large & Mid Cap Index (PR).

-Minimum average daily value traded of 10 million US-Dollar over the last 6 months.

-Piotroski Score of 5 or higher.

-Stocks which have not paid a dividend over the 3 months period starting 12 months ago are excluded.

**“Stock Substitute”** means other equities including American Depositary Receipts (ADR) and Global Depositary Receipts (GDR).

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.

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.

## 5 Data sources

The index uses data provided by third parties. Please note that methodology used by such third parties to produce the data is subject to change without notice and will not be reproduced in this guideline upon such change.

Data for volatility and average daily value traded are sourced from Factset.

The index also uses data on companies’ revenue exposures by geography. This is also sourced from Factset – the Factset Geographic Revenue Exposure (GeoRev) Data. More information on this data can be found under: [https://www.factset.com/data/company\\_data/geo\\_revenue](https://www.factset.com/data/company_data/geo_revenue) (time of access: July 7th 2016).

As of the index launch date, forward looking dividend yield is derived using data from Thomson Reuters IBES. Thomson Reuters IBES aggregates Dividend Per Share (DPS) forecasts by financial year from brokerages and independent analysts who track companies as part of their investment research work. To arrive at a 12 month estimate then the following formula is used (as of index launch date):

$$\text{DPS1FD12} = ((M \times F1) + ((12 - M) \times F2)) / 12$$

where: M = Number of month ends to end of current fiscal year. Note that the current fiscal year will be FY1 if the date is before FY1 year end, and FY2 if the date is after FY1 year end.

F1 = Consensus DPS forecast for current fiscal year (DPS1MN)

F2 = Consensus DPS forecast for next fiscal year (DPS2MN)

Consensus forecast is calculated as an average of estimates utilizing the same accounting standards.

The index values are calculated using stock price, spot foreign exchange rates and dividends data derived from Reuters.

## 6 Appendix

### 6.1 Contact data

#### Information regarding the Solactive Focus US Index (PR) concept

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### 6.2 Calculation of the Index – change in calculation method

The application by the Index Calculator of the method described in this document is final and binding. The Index Calculator 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 be made to this method. The Index Calculator 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. The Index Calculator is not obliged to provide information on any such modifications or changes. Despite the modifications and changes the Index Calculator will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.