

Guideline relating to

Solactive Euro HY Corporate Index Family

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This document contains the underlying principles and regulations regarding the structure and operation of the Solactive Euro HY Corporate Index Family. Solactive AG shall make every effort to implement the relevant 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 given point in time nor in any other respect. The Solactive Euro HY Corporate Index Family is the sole property of Solactive AG. Solactive AG 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 calculation and publication of the index by Solactive AG is not a 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 Euro HY Corporate Index Family. Any changes made to the guideline are initiated by the Committee specified in section 1.6. The Solactive Euro HY Corporate Index Family is the sole property of Solactive AG. The Solactive Euro HY Corporate Index Family is calculated and published by Solactive AG. The name “Solactive” is copyrighted.

1 Index specifications

The Solactive Euro HY Corporate Index Family consists of two indices: the Solactive Euro HY Corporate Index and the Solactive Euro HY Corporate Index PR. These indices are rules-based, market value weighted indices and engineered to mirror the performance of bonds with a high-yield rating denominated in EUR. The issuer’s domicile is not relevant. The indices are comprised of EUR denominated high yield corporate bonds with a time to maturity of at least 12 months. The indices are part of the Solactive Euro Index Family.

The Solactive Euro HY Corporate Index is a Total Return Index, i.e. coupon payments will be reinvested in the index on each rebalancing day. The Solactive Euro HY Corporate Index PR is a Price Return Index.

1.1 Name and ISIN

The Solactive Euro HY Corporate Indices are published under the following symbols in Reuters and Bloomberg:

Name	ISIN	WKN	Reuters RIC	Bloomberg Ticker
Solactive Euro HY Corporate Index	DE000SLA2W47	SLA2W4	.SOLEUHYC	SOLEUHYC Index
Solactive Euro HY Corporate Index PR	DE000SLA2W54	SLA2W5	.SOLEUHYCPR	

1.2 Initial value

The indices will be calculated every Business Day starting 15th of December 2016. Before this date the values of the indices are backfilled until 29th of December 2006, with the index values based on 1000 as at the close of trading on 29th of December 2006.

1.3 Distribution

The Solactive Euro HY Corporate Index Family is published via the price marketing services of Boerse Stuttgart AG and is distributed to all affiliated vendors.

1.4 Prices and calculation frequency

The Solactive Euro HY Corporate Index Family is calculated based on the Evaluated Bid Price (see 4.2 Further Definitions) of the respective Index Components. The indices are calculated and distributed once every Business Day. Bond and index analytical values are calculated each Business Days using the Last Evaluated Price. New bonds are included in the indices at their Evaluated Ask Price.

Updated index values and other statistics will not be distributed. In the event that the data required for index calculation purposes is not available or that there are troubles regarding the price marketing of Solactive AG or Stuttgart Stock exchange the indices cannot be distributed.

1.5 Weighting

The Index Components are weighted according to their respective Market Values in proportion to the aggregated Market Value of all Index Components in the index.

1.6 Decision-making bodies

A Committee composed of staff from Solactive AG is responsible for decisions regarding the composition of the Solactive Euro HY Corporate Index Family, as well as any amendments to the rules (hereinafter referred to as the "**Committee**" or the "**Index Committee**"). The Committee will also determine the future composition of the Solactive Euro HY Corporate Index Family if any Extraordinary Event (see chapter 2.3) occurs, as well as the implementation of any necessary adjustments.

Members of the Committee can recommend at any time changes to the composition of the indices or to the guideline and submit them to the Committee for approval. Any change of the guideline will be announced on the web page <http://www.solactive.com>.

1.7 Publication

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

1.8 Historical data

Historical data will be maintained from 29th of December 2006.

1.9 Licencing

Licences to use the indices 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

At the launch of the indices, all financial instruments which meet the requirements of the Selection Pool are eligible for inclusion in the indices. Instruments issued prior to the Selection Day and which meet the criteria of the Selection Pool as defined under 4.1 will be added on the monthly Adjustment Day to the Selection Pool. Additionally, on the monthly Selection Day, the Index Committee will evaluate whether all current Index Components still meet the requirements of the Selection Pool. Any Index Components that do not pass this screen will be removed from the indices on the next Adjustment day.

Extraordinary adjustments are possible as described under 2.3.

2.2 Ordinary adjustment

The composition of the indices is ordinarily reviewed on the monthly Selection Day, which occurs three business days prior to the Adjustment day. Any change to the indices will be implemented on the Adjustment Day, the last business day of each month.

2.3 Extraordinary adjustment

The Index Committee will decide about the future composition and the implementation of any necessary adjustments of the Solactive Euro HY Corporate Index Family if an Extraordinary Event (early redemption, credit event etc.) regarding one or more index constituents occurs. See details under 3.3 Adjustments

The Index Committee will decide on the future composition of the Solactive Euro HY Corporate Index Family as well as the Business Day which marks the starting of the new adjusted index composition.

3 Calculation of the Indices

3.1.1 Index formula

The Total Return index is calculated using the following formula:

$$Index_t = Index_n \frac{MarketValue_t + PaidCash_t}{BaseValue_n}$$

$$MarketValue_t = \sum_{i=1}^a (DirtyPrice_{i,t} + CPA_{i,t}) \cdot Amount_{i,n}$$

$$PaidCash_t = \sum_{i=1}^a Coupon_{i,t} \cdot Amount_{i,n}$$

$$BaseValue_n = \sum_{i=1}^a (DirtyPrice_{i,n} + CPA_{i,n}) \cdot Amount_{i,n}$$

Whereas:

$Index_t$ = Value of the index on Business Day t.

$Index_n$ = Value of the index on the last Adjustment Day n.

$CPA_{i,t}$ = Variable Coupon Adjustment Factor i on Business Day t is 0 if a bond enters the index during an ex-dividend period. If the bond is already in the index during the ex-dividend period, the Variable Coupon Adjustment Factor equals the coupon amount.

$DirtyPrice_{i,t}$ = Dirty Price of the bond i on Business Day t, whereas Dirty Price t is the sum of the clean price of the bond i on Business Day t and the accrued interest on Business Day t.

$DirtyPrice_{i,n}$ = Dirty Price of the bond i on the last Adjustment Day n, whereas Dirty Price is the sum of the clean price of the bond i on the last Adjustment Day n and the accrued interest on the last Adjustment Day n.

$Amount_{i,n}$ = Amount Outstanding of the respective bond as defined on the last Adjustment Day n.

$PaidCash_t$ = a) Value of the coupon payments between Adjustment Days.
b) If a bond i will be removed from the index between Adjustment Days, the resulting payment of the bond will be included in the Paid Cash component of the index.
On the next Adjustment Day "Paid Cash" will be reinvested in the index.

$Coupon_{i,t}$ = Coupon payment of bond i between payment date and Adjustment Day n. In case there is no coupon payment, $Coupon_{i,t}$ is 0.

The Price Return index is calculated using the following formula:

$$Index_t = Index_n \frac{MarketValue_t + PaidCash_t}{BaseValue_n}$$

$$MarketValue_t = \sum_{i=1}^a CleanPrice_{i,t} \cdot Amount_{i,n}$$

$$BaseValue_n = \sum_{i=1}^a CleanPrice_{i,n} \cdot Amount_{i,n}$$

Whereas:

$Index_t$ = Value of the index on Business Day t.

$Index_n$ = Value of the index on the last Adjustment Day n.

$CleanPrice_{i,t}$ = Clean price of the bond i on Business Day t.

$CleanPrice_{i,n}$ = Clean price of the bond i on the last Adjustment Day n

$Amount_{i,n}$ = Amount Outstanding of the respective bond as defined on the last Adjustment Day n.

$PaidCash_t$ = If a bond i will be removed from the index between Adjustment Days, the resulting payment of the bond will be included in the Paid Cash component of the index.

On the next Adjustment Day "Paid Cash" will be reinvested in the index.

3.2 Accuracy

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

According to the terms of the bond, the Index Calculator will take the following conventions into account:

Act/Act

Act/360

Act/365

30/360

ISMA 30/360

The index does not take taxes into account and assumes gross coupon payments.

Accrued interests are calculated with settlement convention t+0.

3.3 Adjustments

Indices need to be adjusted for systematic changes in prices once these become effective. The Committee will decide from time to time if the Solactive Euro HY Corporate Index Family needs to be adjusted.

The following corporate actions will result in changes or adjustments to an index as indicated below between Adjustment Days:

(a) Early Redemption or Full Call: The bond proceeds will be held as “Paid Cash” and reinvested into the index on the following Adjustment Day. For the avoidance of doubt a Tender must be mandatory, the pure offer to tender a bond will not lead to an adjustment of the index.

(b) Flat Trading: A bond is flat trading if the bond issuer will not meet its coupon payment obligation which means that the buyer of a bond is not responsible for paying the interest that has accrued since the last payment. If a bond is defined to be “flat trading” between two Adjustment Days the respective accrued interests and coupons will be set to 0. The bond will not be removed until the next Adjustment Day.

(c) Defaulted Bonds: If the status of a bond changes to “In Default”, the bond will remain as part of the index or portfolio at the last available evaluated price provided by the pricing source until the next regular index adjustment day.

(d) Exchange Offers:

1) Optional Exchange Offers: Optional Exchange Offers will not result in an adjustment of the index.

2) Mandatory Exchanges Offers:

- a. In case more than 90% of the Amount Outstanding is exchanged the exchange will be considered in the index calculation by exchanging the relevant bonds, so that the new bond will receive the weight of the old exchanged bond.
- b. In the case when less than 90% of the Amount Outstanding is exchanged the exchange will not be considered to be an event that affects the relevant bond’s position in the index.

(e) Fungible Bonds:

- 1) The parent bond and the sub-tranche are both index constituents: Both bonds are kept in the index until the next Adjustment Day. On the next Adjustment Day the new bond will be removed and the Amount Outstanding of the parent bond will be increased by the amount of the new bond issue.
- 2) The parent bond is an index constituent and the sub-tranche is not: On the next Adjustment Day, the Amount Outstanding of the parent bond will be increased by the amount of the sub-tranche.
- 3) The parent bond is not an index constituent but the sub-tranche is: On the next Adjustment Day, the sub-tranche leaves the index and the parent bond enters the index including the Amount Outstanding added from the sub-tranche (assuming that it meets the requirements of the Selection Pool).

(f) Payment-in-Kind Bonds: These bonds pay interest in additional bonds rather than in cash. Assuming the additional bonds will be sold immediately and the proceeds will be reinvested in the index, payments-in-kind are therefore considered as cash in the Paid Cash component in all Total Return calculations.

(g) Ex-dividend Bonds: “Ex-dividend” means that the next coupon is detached from the bond several days in advance of the coupon payment date. Between ex-date and pay-date a buyer of the bond does not get the right to receive the next coupon. Therefore, accrued interest is negative during that period. However, the coupon will be paid to the original bondholder, i.e. if a bond is already in the index the next coupon payment is held separate in the Variable Coupon Adjustment Factor $CPAdj_{i,t}$. If the bond enters the index during the ex-dividend period $CPAdj_{i,t}$ is zero as the next coupon payment will not accrue to the index.

Note: Debt issuances of an existing bond will not be considered until the next Adjustment Day.

4. Definitions

4.1 Index-specific definitions

The **“Selection Pool”** comprises bonds that fulfill the following conditions:

- (a) Denominated in EUR (euros)
- (b) Amount Outstanding of at least 150 m EUR
- (c) Time to maturity of at least 18 months for new issues entering the index. The minimum time to maturity for bonds in the index is 12 months.
- (d) Bonds that switch from fixed to floating rate coupons qualify provided they are callable within the fixed rate period and have at least one year prior to the date the bond transitions from a fixed to a floating rate coupon structure.
- (e) All bonds included must be rated sub-investment grade by Standard & Poor’s and Moody’s Investors Service, i.e. below BBB- and below Baa3 respectively. For the avoidance of doubt if one of the rating agencies rates the bond as Investment Grade it does not qualify for inclusion in the index. If only one agency rating is available this rating shall be decisive. All ratings must be above D (default). If a bond is rated D by S&P or C by Moody’s it is removed at the next re-balancing.
- (f) Fixed Coupon Bonds, Zero Coupon Bonds, Payment-In-Kind Bonds and Step-Up Coupon Bonds are eligible for inclusion in the index.
- (g) Bearer Bonds are eligible for inclusion in the index.
- (h) For a bond to be included in the index, a price must be available from a recognized bond price provider as determined by the Index Committee.
- (i) Sinking Fund Bonds, Floating Rate Bonds, Convertible Bonds, Inflation-linked Bonds, Contingent Capital Securities, Covered Bonds, Preferred Securities, Securitized or Collateralized Bonds or Collateralized Debt Obligations (CDOs) are not eligible for inclusion in the index.
- (j) Callable perpetual securities qualify for inclusion in the index provided they are at least one year from the next call date.
- (k) Bonds sold by supranational entities are not eligible for inclusion.
- (l) Bonds sold by entities that are 100%-owned by national governments or their departments, or that are guaranteed by them are excluded from the index. Bonds sold by entities which carry out government-sponsored roles, particularly in the public sphere, are also excluded.
- (m) Private placements are not eligible for inclusion in the index.
- (n) Only one bond per tranche with exactly the same parameters (coupon, maturity, etc) will be selected for inclusion in the index. If several tranches (with the same parameters) are available bonds that are issued domestically, and under Euro MTN program are preferred.

4.2 Further definitions

“Adjustment Day” is the last Business Day of each month.

“Amount Outstanding” is the face value of the respective bond.

“Bearer Bonds” are unregistered debt securities.

A **“Business Day”** in relation to the index is each day Monday to Friday except common European banking holidays. Common European banking holidays are Good Friday, Easter Monday, Christmas Day, Boxing Day and New Years Day.

“Call” means that a bond with a callable feature will be redeemed before the actual maturity date of the bond. The callable feature allows the issuer of the bond to retain the privilege of redeeming the bond before the actual maturity date.

“Contingent Convertible Capital Securities” are bonds that will be converted into equity if a certain trigger event takes place or written down.

“Convertible Bonds” are bonds that can be converted into a predetermined amount of the company's equity at certain times during its life.

“Covered Bonds” are bonds backed by cash flows or mortgages or public sector loans.

A **“Credit Event”** is the suspension of debt service, insolvency or failure to pay on time.

“Early Redemption” includes every event that leads to a redemption of a bond before the actual maturity date.

“Ex-dividend” means that the next coupon is detached from the bond several days in advance of the coupon payment date.

“Exchange Offer” means that the holder of a bond is invited to exchange the existing bond to another debt security.

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

- an early redemption of the bond
- a credit event

“Fixed Coupon Bonds” are bonds with a fixed coupon rate, as opposed to floating rate coupons.

A bond is **“Flat Trading”** if the bond issuer will not meet its coupon payment obligation which means that the buyer of a bond is not responsible for paying the interest that has accrued since the last payment.

“Floating Rate Bonds” are bonds with a variable or floating interest rate, i.e. coupons fluctuate in line with the underlying level of interest rates, as opposed to fixed-rate coupons.

“Fungible Bond” A **“Fungible Bond”** is a new issue that has all the same specifications as an existing issue (bonds with the same parameters can be issued in different tranches). At a specific date, the tranches will be combined into one bond. After this date, the parent tranche will include the Amount Outstanding of all new tranches.

A bond is **“In Default”** when the issuer is not able to fulfil its bond payment obligations anymore after the 30 days grace period.

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

“Index Components” are all bonds in the Selection Pool.

The **“Index Currency”** is EUR.

“Inflation-linked Bonds” are bonds whose principal is indexed to inflation.

“Investment Grade” are all ratings above BBB- by Standard & Poor's or Baa3 by Moody's Investors Service.

“Issuer” is the issuing entity of the respective bond.

“Last Evaluated Price” generally is (aside from the rules referred to in „Extraordinary Events“) the last available Evaluated Bid Price.

“Paid Cash” is either the value of the coupon payments between Adjustment Days or the resulting payment when a bond is removed from the index between Adjustment Days. On the next Adjustment Day **“Paid Cash”** will be reinvested in the index.

“Payment-In-Kind Bonds” are a type of bonds that pay interest in additional bonds rather than in cash.

“Preferred Securities” combine both debt and equity characteristics.

“Securitized Bonds” are bonds secured against specific assets or receivables (ABS), mortgages (MBS) or cash flows.

“Selection Day” is a Business Day 3 Business Days prior to the Adjustment Day. If the Selection Day happens to be Christmas Eve the new composition is fixed 1 Business Day in advance.

“Sinking Fund Bonds” are bonds that are backed by a fund that sets aside money on a regular basis. A sinkable bond issuer is required to buy a certain amount of the bond back from the purchaser at various points throughout the life of the bond.

“Step-Up Coupon Bonds” are bonds whose coupons increase while the bond is outstanding. The coupon amounts are determined at issuance.

“Tender Offer” means that a holder of a bond is invited to tender the bond for a specific price at a specific time before the actual maturity date.

A **“Total Return Index”** measures the performance of the index components by assuming that all distributions are reinvested into the index, i.e. the index does not only reflect pure price movements.

“Zero Coupon Bonds” do not pay interest but are issued at a discount.

5 Appendix

5.1 Contact data

Information regarding the Solactive Euro HY Corporate Index Family concept

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5.2 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. The Index calculator will make announcements regarding the amendment of the index guideline. 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.