

GUIDELINE

Solactive Power Factor™ High Dividend Index

Version 3.0 dated September 30th, 2019

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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 Appendix

- 5.1 Contact data
- 5.2 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 Power FactorTM – High Dividend Index. 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 Index. Any changes made to the guideline are initiated by the Committee specified in section 1.6. The Index is calculated and published by Solactive AG. The name "Solactive" is copyrighted.

1 Index specifications

The **Solactive Power Factor™ High Dividend Index** ("Index Name", the "Index") is an Index of Solactive AG and is calculated and distributed by Solactive AG.

The Index tracks the price movements of stocks which are publicly traded on US stock exchanges and fulfil certain minimum requirements in terms of liquidity and Market Capitalization as defined in Section 4. From this universe, the stocks with an above average dividend indicated yield are selected according to Section 2.

The Index is calculated as a Price Return and Gross Total Return Index without deducting any withholding tax.

The Index is published in USD.

1.1 Short name and ISIN

The Index is distributed under the following identifiers:

Name	Ticker	RIC	ISIN	WKN
Solactive Power Factor [™] High Dividend PR Index	SOLWBIYP Index	.SOLWBIYP	DE000SLA2T34	SLA2T3
Solactive Power Factor [™] High Dividend GTR Index	SOLWBIYT Index	.SOLWBIYT	DE000SLA2T42	SLA2T4

1.2 Initial value

The Index is based on 100 at the close of trading on the start date, December 6th, 2016

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 Prices and calculation frequency

The price of the Index is calculated on each Business Day 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. Prices of Index Components not listed in the Index Currency are translated using spot foreign exchange rates quoted by Reuters. 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 Index is calculated every Business Day from 9:30am to 4:30pm, 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.

1.5 Weighting

On each Selection Day each Index Component of the Index is weighted in accordance with Section 2 of this Guideline.

1.6 Decision-making bodies

A Committee composed of staff from Solactive AG is responsible for decisions regarding the composition of the Index 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 Index 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 Index. 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 the 15th of October 1999.

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

2.1.1 Scoring the Entities

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

Step 1

The composition of the "**Initial Universe**" is determined by identifying all entities that fulfil all of the following criteria:

1. Ordinary Dividend paying, common stock constituent of the Solactive US Broad Market Index. REITs are not eligible for index inclusion

2. No Closed End Fund, Business Development Companies (BDCs), Partnership (both Qualified Publicly Traded Partnership and non-qualified Partnership) or Trust

3. Constituent must have all data necessary for Scoring (Market Capitalization, Sector/Industry, and Power Factors)

4. All constituents must have positive Trailing 12M Diluted Earnings from Continuing Operations.

Step 2

The entities of the Initial Universe will be divided into 2 market cap "Scoring Groups":

1. Large Cap Scoring Group: The Top 50% of entities based on dividend indicated yield within the Top 15% of the Market Capitalization, including ties, of the Initial Universe.

2. SMID Scoring Group: The Top 50% of entities based on dividend indicated yield within the remaining Bottom 85% of the Market Capitalization of the Initial Universe.

Step 3

The entities within each Scoring Group will be assigned a **Security Specific Quintile ("SSQ")** and an **Industry Specific Quintiles ("ISQ")** for each of the following 3 Power Factors[™]

- 1. Trailing 12M Diluted Earnings from Continuing Operations to Price Ratio ("E/P")
- 2. Trailing 12M Free Cash Flow to Price Ratio ("CF/P")
- 3. Trailing 12M Sales to Price Ratio ("S/P")

Security Specific Quintile

For each Power Factor, each entity within each scoring group will be divided into 5 quintiles, ranked ascending (e.g. the entity with the lowest E/P will fall into quintile 1 and the highest E/P will fall into quintile 5).

Industry Specific Quintile

Similarly, for each Power Factor, each Industry within each scoring group will be divided into 5 quintiles, ranked ascending. For each Industry within each scoring group, the median for each Power Factor will be calculated. The quintile for each Industry will be assigned based on which quintile the industry median would have fallen into as if the Industry median was a security (e.g. if the Industry Median E/P for the large cap universe is 18, assign a quintile using the actual boundaries between quintiles from the Security Specific Quintile).

Step 4

The entities within each Scoring Group will be scored using the 3 Power Factors™

Each entity will receive both a **"Security Specific Score"** and an **"Industry Specific Score"**. The **"Power Factor Score"** will be the sum of the Security Specific Score and Industry Specific Score.

Security Specific Score

The Security Specific Score ("SSS") will be equal to the sum of the numeric equivalence of the Security Specific Quintile (e.g. an entity which falls into Quintile 1 will receive a score of 1 for this Power Factor).

$$SSS_{i,g} = \sum SSQ_{i,f,g}$$

where:

SSQj,f,g = Security Specific Quintile for entity j for factor f within scoring group g

Industry Specific Score

The **Industry Specific Score ("ISS")** is calculated using the Security Specific Quintile ("SSQ") and the Industry Specific Quintile ("ISQ") as follows:

1. Calculate the **Significant Difference ("SD")** of each entity for each factor within each Scoring Group relative to its Industry as follows:

$$SD_{j,f,g} = \frac{sign(SSQ_{j,f,g} - ISQ_{j,f,g}) * (ISQ_{j,f,g} - SSQ_{j,f,g})^2}{ISQ_{j,f,g} + SSQ_{j,f,g}}$$

where:

 $SSQ_{j,f,g}$ = Security Specific Quintile for entity j for factor f within Scoring Group g $ISQ_{j,f,g}$ = Industry Specific Quintile for entity j for factor f within Scoring Group g

2. Calculate the **Skew ("SK")** of each factor within each Scoring Group as follows:

$$SK_{f,g} = abs(skew(SD_{j,f,g}))$$

3. Calculate the **Skewed Difference ("SKD")** of each entity for each factor within each Scoring Group as follows:

$$SKD_{j,f,g} = sign(SD_{j,f,g}) * abs(SD_{j,f,g})^{1/(1+SK_{f,g})}$$

4. Industry Specific Score equals the sum of the Skewed Differences of each entity for each factor within each Scoring Group normalized on a uniform distribution between 0 and 2.5 as follows:

$$ISS_{j,g} = 2.5 * \sum \frac{SKD_{j,f,g} - \min(SKD_{j,f,g})}{\max(SKD_{j,f,g} - \min(SKD_{j,f,g}))}$$

Power Factor Score

The Power Factor Score ("PFS") of each entity within each Scoring Group will be equal to the sum of the Security Specific Score and the Industry Specific Score

$$PFS_{j,g} = SSS_{j,g} + ISS_{j,g}$$

Step 5

The **"Primary Selection Pools"** of each Scoring Group are determined by identifying all entities that fulfil all the following criteria:

- Average daily dollar trading volume in the last three months in the Top 70% of the Solactive US Broad Market Index each quarter (approximately 3,000,000 USD as of 3/31/2016) on the respective Selection Day
- 2. Market Capitalization in the Top 95% of the Solactive US Broad Market Index
- 3. Dividend Coverage Ratio as measured by Trailing 12 Month Cash Flow Per Share divided by Total, Regular, Common Cash Dividends greater than or equal to 1
- 4. Dividend Forecast, if available, as measured by current year indicated total common cash dividends per share for each individual stock, must not have dropped more than 10% in comparison to the previous year indicated total common cash dividends per share (as reported by FactSet (or any reference source taking the place of FactSet and providing comparable data items, acceptable to and as determined by the Index Calculator)) on a pre-split adjusted basis.

- 5. Dividend Forecast data provided by FactSet (or any reference source taking the place of FactSet and providing comparable data items, acceptable to and as determined by the Index Calculator).
- 6. If after applying steps 1-5, less than 300 entities remain in total between the two Primary Selection Pools of each Scoring Group, remove criteria in inverse order (Step 5 first)

Step 6

The **"Final Selection Pool"** is created by selecting the Top 50% of the entities from each Primary Selection Pool as ranked by the Power Factor Score (higher is better). The set of entities from both Primary Selection Pools is merged to create the **"Final Selection Pool"**.

2.1.2 Selection of Index Components

To determine the initial composition, the companies in the Final Selection Pool are ranked in descending order according to their Dividend Indicated Yield. The 50 companies with the largest Dividend Indicated Yield on that day are then chosen as Index Components. In the event of a tie for the 50th spot after sorting by Dividend Indicated Yield, select the name with the largest Market Capitalization

On the quarterly Rebalance Days, if a company is included in the Final Selection Pool, it is only removed from the index composition if its Dividend Indicated Yield on the Selection Day is not in the Top 75 of the Selection Pool. In this case, the company with the largest Dividend Indicated Yield that is currently not an index member is chosen as replacement.

On each of the non-rebalancing months, once a month (five business days before the last trading day of the month) the index components are screened for dividend cuts or an overall negative outlook concerning the companies' dividend policy as measured by a decrease in their FactSet (or any reference source taking the place of FactSet and providing comparable data items, acceptable to and as determined by the Index Calculator) Dividend Per Share of more than 10% from the previous quarterly selection date. If any changes need to be implemented, the index will be adjusted at the close of the last trading day of the respective month. Companies may be excluded on these monthly reviews and will be replaced with the top ranked company from the last selection pool that is currently not an index member which does not have a drop of more than 10% in its DPS Estiamte for the same time period. The company that is added to the index composition at the monthly review dates will be given the same weight as the member that will be deleted, calculated as of the trading day on which the adjustment takes place. In case more than one company is deleted, the replacement will be done in pairs, where the best ranked stock to be removed will transfer its weight to the best ranked stock to enter the index as determined on the last quarterly selection.

2.1.2 Index Constituent Weighting

On each Rebalance Day each Index Component is weighted on a modified dividend-weighted basis on the following rule:

Initial Weight =
$$\frac{dj}{\sum dj}$$

where dj = dividend indicated yield for security j.

Weighting Constraints:

Initial Weights will be adjusted subject to the following constraints. At each step, any excess (or lack of) weight will be distributed (or taken) equally among remaining constituents subject to each previous constraint.

1. Maximum Constituent Weight may not exceed the lesser of i) 5.00% and ii) average daily dollar trading volume divided by \$3.0 billion. Any excess weight will be distributed following a waterfall allocation across stocks which have not yet reached their cap and starting with the security exhibiting the highest Dividend Yield until it reaches its maximum constituent weight, then going to the next one.

2. Maximum Sector Weight within the Index cannot exceed 20%. Revised weight of each constituent in a sector exceeding the maximum sector weight will be reduced by a factor of: $20\% / \Sigma$ si where si equals the sum of the constituent weights of sector i. Any excess weight will be distributed pro-rata among remaining constituents that were not adjusted in Step 1 (are not at already at maximum weights).

3. Minimum Constituent Weight of 0.25%.

Shall the sum of weights of the 50 stocks selected in the composition fall below 100%, the minimum constituent weight threshold will increase in steps by 0.25% and maximum constituent weight cap (1.i) by 0.5% until it becomes possible to reach 100%.

2.2 Ordinary adjustment

The composition of the Indices is ordinarily adjusted quarterly after the close on the relevant Adjustment Days in accordance with the criteria set out at paragraph 2.1 above. The proposed Index composition and indicative weightings of each of the Index Components (including details relating to the entities that are being included in/removed from the Index Composition) shall be announced by Solactive AG at least two full trading days before the Adjustment Day).

Solactive AG shall publish all details relating to the adjustment of the Index Composition (i.e. the actual weights) on the Business Day after each relevant Adjustment Day.

The first adjustment will be made in January 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

The Committee may, but is under no obligation to, substitute an Index Component with a successor Index Component upon the occurrence of an Extraordinary Event as determined by Solactive AG. Any such successor Index Component shall be included in the Index after the close of business on the day when an Extraordinary Event has been determined by Solactive AG.

3 Calculation of the Index

3.1 Index formula

The Index is an index whose value on a Business Day is equivalent to the sum over all Index Components of the products of (a) the Number of Shares of the Index Component and (b) the price of the Index Component at the respective Exchange.

As a formula:

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

With:

x _{i,t}	= Number of Shares of the Index Component i on Trading Day t
$p_{i,t}$	= Price of Index Component i on Trading Day t in Index Currency

3.2 Accuracy

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

The Number of Shares of the Index Components will be rounded to six decimal places.

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 Index is adjusted for distributions, capital increases, rights issues, splits, par value conversions and capital reductions.

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 and other distributions

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

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

With:

= Number of Shares of the Index Component i on Trading Day t

 $x_{i,t}$ $D_{i,t}$

= Payment on Trading Day t multiplied by the Dividend Correction Factor of the respective country

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

In the case of capital increases (from the company's own resources or through cash contributions) the new Numbers of Shares are calculated as follows:

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

With:

- $x_{i,t}$ = 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			
В	= Price of rights issue			
Ν	= Dividend disadvantage			
BV	= Subscription ratio			

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

The last dividend paid or the announced dividend proposal is applied as the dividend disadvantage.

3.5.3 Capital reductions

In the case of capital reductions, the new Number of Shares is determined as follows:

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

With:

 $H_{i,t}$ = Reduction ratio of the company on day t $x_{i,t}$ = 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 Share splits and par value conversions

In the case of share splits and par value conversions it is assumed that the prices change in ratio to the number of shares or to the par values. The new Number of Shares is calculated as follows:

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

With:

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 $N_{i,t}$ = 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

3.6 Miscellaneous

3.6.1 Recalculation

Solactive AG makes the greatest possible efforts to accurately calculate and maintain its indices. However, the occurrence of errors in the index determination process cannot be ruled out. In such cases Solactive AG adheres to its publicly available <u>Correction Policy</u>.

3.6.2 Market Disruption

In periods of market stress Solactive AG calculates its indices following predefined and exhaustive arrangements set out in its publicly available <u>Disruption Policy</u>.

4. Definitions

"Adjustment Day" is the third Friday or next Business Day in January, April, July, and October.

A "Business Day" is a day on which the NYSE is open for trading.

"Calculation Agent" is Solactive AG or any other appropriately relevant successor thereto.

"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.

"Exchange" is, in respect of 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.

"Extraordinary Event" is defined as:

- 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.

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 USD.

"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.

"Market Capitalization" is with regard to each of the units in the Selection Pool on a Selection Day or Adjustment Day calculated by multiplying the number of units outstanding of the issuer by its unit price.

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.

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,
- 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.

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.

"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.

"Power FactorsTM" are defined as the following 3 metrics of each entity:

- 1. Trailing 12M Diluted Earnings from Continuing Operations to Price Ratio ("E/P")
- 2. Trailing 12M Free Cash Flow to Price Ratio ("CF/P")
- 3. Trailing 12M Sales to Price Ratio ("S/P")

"Trailing 12M Diluted Earnings from Continuing Operations to Price Ratio" is the ratio of the per share amount earned by a company before any gain/loss adjustment for discontinued operations and extraordinary items but after preferred dividends are deducted as provided by FactSet (Mnemonic = FF_EPS_CONTIN_OPER) to the stock price on the Selection Day.

"Trailing 12M Free Cash Flow to Price Ratio" is the ratio of the Free Cash Flow per shares measured as the Free Cash Flow (Net Cash from Operating Activities – CAPEX Fixed Assets) divided by Common Shares Used to Calculate Fully Diluted Earnings Per Share as provided by FactSet (Mnemonic = FF_FREE_PS_CF) to the stock price on the Selection Day.

"Trailing 12M Sales Ratio to Price Ratio" is the ratio of the sales per share calculated as Net Sales or Revenue (FF_SALES) divided by Common Shares Used to Calculate Fully-Diluted Earnings Per Share as provided by FactSet (Mnemonic = FF_SALES_PS) to the stock price on the Selection Day.

"Selection Day" is the Business Day 5 Business Days before the Adjustment Day.

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

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 (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 **"Trading Halt"** is where a security's trading is stopped by an exchange while news is broadcast about the security. Solactive holds the security at its most recent price until trading is resumed or is officially delisted. Determination for removal from the index will be made on a case-by-case basis and based upon reasonable likelihood of trade resumption and likelihood of residual value returned to holders of the security in question.

5 Appendix

5.1 Contact data

Information regarding the Index 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. 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.