

Solactive Wealthsimple Indices – Changes to the Index Guideline

The following Methodology change is proposed in the following point of the Index:

Section 2.3. WEIGHTING OF THE INDEX COMPONENTS

From:

On each Selection Day each Index Component is assigned a weight according to the steps below:

[...]

2. Next each sector is weighted according to the aggregate sum of the inverse volatility within each sector:

$$ws_s = \frac{\sum_{k=1}^{K_s} 1/\sigma_k}{\sum_{n=1}^N 1/\sigma_n}$$

Where:

ws_s = weight of sector s

$\sum_{k=1}^{K_s} 1/\sigma_k$ = the sum of inverse volatilities of all securities within sector s

$\sum_{n=1}^N 1/\sigma_n$ = the sum of inverse volatilities among all securities

[...]

To:

On each Selection Day each Index Component is assigned a weight according to the steps below:

[...]

2. Next each sector is weighted according to the aggregate sum of the inverse volatility within each sector:

$$ws_s = \frac{1/\sigma_s}{\sum_{s=1}^S 1/\sigma_s}$$
$$\sigma_s = \sqrt{w' * \Sigma * w}$$

Where:

ws_s = weight of sector s

σ_s = volatility of sector s

w = vector of initial weights of securities (wi_i) calculated in step 1 for sector s

Σ = covariance matrix of securities in sector s determined using returns over the past 3 years

[...]