

INDEX GUIDELINE

Solactive Australian Hybrid Securities Index

Version 1.4

23 July 2020



TABLE OF CONTENTS

Introduction	3
1. Index Specifications	4
1.1. Scope of the Index	4
1.2. Identifiers and Publication	4
1.3. Initial Level of the Index	4
1.4. Prices and calculation frequency	4
1.5. Licensing.....	5
2. Index Selection	6
2.1. Selection of the Index Components	6
2.2. Weighting of the Index Components.....	6
3. Rebalance	7
3.1. Ordinary Rebalance	7
3.2. Extraordinary Rebalance	7
4. Calculation of the Index	9
4.1. Index formula	9
4.1.1 Index formula for the dividend paying instruments	9
4.1.2 Index formula for the interest paying instruments	9
4.2. Accuracy	11
4.3. Adjustments.....	11
4.4. Corporate actions	11
4.5. Recalculation.....	13
4.6. Market Disruption	13
5. Miscellaneous	14
5.1. Discretion	14
5.2. Methodology Review.....	14
5.3. Changes in calculation method.....	14
5.4. Termination	15
5.5. Oversight	15
6. Definitions.....	16
Contact.....	17



INTRODUCTION

This document (the "GUIDELINE") is to be used as a guideline with regard to the composition, calculation and maintenance of the Solactive Australian Hybrid Securities Index (the "INDEX"). Any amendments to the rules made to the GUIDELINE are approved by the OVERSIGHT COMMITTEE specified in Section 5.5. The INDEX is owned, calculated, administered and published by Solactive AG ("SOLACTIVE") assuming the role as administrator (the "INDEX ADMINISTRATOR") under the Regulation (EU) 2016/1011 (the "BENCHMARK REGULATION" or "BMR"). The name "Solactive" is trademarked.

The text uses defined terms which are formatted with "SMALL CAPS". Such Terms shall have the meaning assigned to them as specified in Section 6 (Definitions).

The GUIDELINE and the policies and methodology documents referenced herein contain the underlying principles and rules regarding the structure and operation of the INDEX. SOLACTIVE does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the INDEX nor the level of the INDEX at any certain point in time nor in any other respect. SOLACTIVE strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for SOLACTIVE – 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 does not constitute a recommendation for capital investment and does not contain any assurance or opinion of SOLACTIVE regarding a possible investment in a financial instrument based on this INDEX.



1. INDEX SPECIFICATIONS

1.1. SCOPE OF THE INDEX

- The Solactive Australian Hybrid Securities Index includes ASX listed hybrid securities whereby constituents are subject to minimum market capitalization.
- The INDEX is published in AUD.

1.2. IDENTIFIERS AND PUBLICATION

The INDEX is published under the following identifiers:

Name	ISIN	Currency	Type	RIC	BBG ticker
Solactive Australian Hybrid Securities Index (Gross)	DE000SLA4B24	AUD	GR	.SOLAUDHG	SOLAUDHG
Solactive Australian Hybrid Securities Index (Net)	DE000SLA4B32	AUD	NR	.SOLAUDHN	SOLAUDHN

*GR means that the INDEX is calculated as Gross Return index, NR means that the INDEX is calculated as Net Return index as described in the Bond Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>

The INDEX is published on the website of the INDEX ADMINISTRATOR (www.solactive.com) and is, in addition, available via the price marketing services of Boerse Stuttgart GmbH and may be distributed to all of its affiliated vendors. Each vendor decides on an individual basis as to whether it will distribute or display the INDEX via its information systems.

Any publication in relation to the INDEX (e.g. notices, amendments to the GUIDELINE) will be available at the website of the INDEX ADMINISTRATOR: <https://www.solactive.com/news/announcements/>.

1.3. INITIAL LEVEL OF THE INDEX

The initial level of the INDEX on the START DATE is 1000. Historical values from the LIVE DATE will be recorded in accordance with Article 8 of the BMR.

1.4. PRICES AND CALCULATION FREQUENCY

The INDEX is calculated and distributed once every BUSINESS DAY. Should there be no current data available on Reuters the most recent data on Reuters for the preceding BUSINESS DAY is used in the calculation.



1.5. LICENSING

Licenses to use the INDEX as the underlying value for financial instruments, investment funds and financial contracts may be issued to stock exchanges, banks, financial services providers and investment houses by Solactive.



2. INDEX SELECTION

On each SELECTION DAY, all bonds which meet the INDEX COMPONENT REQUIREMENTS are eligible for inclusion in the INDEX and will be added as INDEX COMPONENT on the REBALANCE DAY. Additionally, on each SELECTION DAY, it will be evaluated whether all current INDEX COMPONENTS still meet the INDEX COMPONENT REQUIREMENTS. Each INDEX COMPONENT that does not meet the INDEX COMPONENT REQUIREMENTS will be removed from the INDEX on the next REBALANCE DAY.

2.1. SELECTION OF THE INDEX COMPONENTS

The initial composition of each INDEX, as well as any selection for a rebalance (as specified in Section 3) is determined using the following rules:

On the SELECTION DAYS, Solactive defines its selection universe. The instruments that fulfil the SOLACTIVE AUSTRALIAN HYBRID SECURITIES INDEX UNIVERSE criteria are eligible for inclusion in the Solactive Australian Hybrid Securities Index. After that instruments are divided into two segments – dividend paying hybrids and interest paying hybrids.

"SOLACTIVE AUSTRALIAN HYBRID SECURITIES INDEX UNIVERSE" in respect of a SELECTION DAY are instruments that fulfill the following criteria:

- a. Listed on the ASX (Australian Stock Exchange)
- b. Trading in AUD
- c. Type of Issuance: Preferred shares, Convertible Bonds, Bonds with Subordinated Ranking. Only active issues included (default/suspended/called/without active listing status issues are excluded)
- d. Minimum MARKET CAPITALIZATION AUD\$ 100 million

A price from the PRICING PROVIDER must be available for each INDEX COMPONENT on each SELECTION DAY.

2.2. WEIGHTING OF THE INDEX COMPONENTS

On each REBALANCING DAY each INDEX COMPONENT of the Solactive Australian Hybrid Securities Index is weighted according to the market capitalisation.



3. REBALANCE

3.1. ORDINARY REBALANCE

In order to reflect the new selection of the INDEX COMPONENTS determined on the SELECTION DAY (in accordance with Section 2.1) the INDEX is adjusted on the REBALANCE DAY after CLOSE OF BUSINESS.

For more information on the rebalance procedure please refer to the Bond Index Methodology, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>.

SOLACTIVE will publish any changes made to the INDEX COMPONENTS with sufficient notice before the REBALANCE DAY on the SOLACTIVE webpage under the section "[Announcement](#)", which is available at <https://www.solactive.com/news/announcements/>

3.2. EXTRAORDINARY REBALANCE

In addition to the ordinary rebalance, the INDEX is also rebalanced extraordinarily. These adjustments take place outside the rebalancing schedule and follow different rules than the ordinary rebalances. The extraordinary rebalance is triggered by the mechanism described below:

- a) Full Tender or Early Redemption: The bond proceeds will be reinvested into the INDEX on the effective date. For the avoidance of doubt a tender must be mandatory, the pure offer to tender a bond will not lead to an adaption of the INDEX. On the effective date price and accrued interest are 0 and the proceeds (tender/redemption price + accrued interest/coupon) are considered as "Paid Cash" in the return formula (see 4.1). On the next calculation day, the bond is removed from the INDEX and weightings are calculated according to the formula in 4.1. The new higher weightings of the remaining constituents imply the direct reinvestment of the redeemed bond into all other INDEX COMPONENTS.
- 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 REBALANCING DAYS the respective accrued interests and coupons will be set to 0. The bond will not be removed until the next REBALANCING DAY.
- c) Default: 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 REBALANCING DAY.



- d) Debt issuances: Debt issuances of an existing bond will not be considered until the next REBALANCING DAY.
- e) Debt-to-Equity conversion: In case of Debt-to-Equity conversion the bond will be removed at its last available price with two BUSINESS DAYS' notice. The weight of the bond will be distributed pro rata across the remaining interest paying constituents.

In case of an Extraordinary Event that is not covered by the standard treatments mentioned above the Committee will meet and decide on how to treat the Extraordinary Event in the index based on the information available. An extraordinary adjustment will only be implemented if the majority of the Committee supports the suggested treatment. As soon as a decision has been taken all parties related to the index are informed about the Extraordinary Event as well as the decided treatment and date of implementation.



4. CALCULATION OF THE INDEX

4.1. INDEX FORMULA

The INDEX value on a BUSINESS DAY is equivalent to the sum over INDEX COMPONENTS of the products of (a) the NUMBER OF SHARES of the DIVIDEND PAYING INDEX and the INTEREST PAYING INDEX and (b) the level of the DIVIDEND PAYING Index and the INTEREST PAYING INDEX, respectively, which calculations are described in 4.1.1 and 4.1.2

As a Formula:

$$Index_t = IndexD_t * x_{IndexD,t} + IndexI_t * x_{IndexI,t}$$

With:

$IndexD_t$ = Index level of the dividend paying instruments segment on Trading Day t in Index Currency

$x_{IndexD,t}$ = Number of Shares of the IndexD on Trading Day t

$IndexI_t$ = Index level of the interest paying instruments segment on Trading Day t in Index Currency

$x_{IndexI,t}$ = Number of Shares of the IndexI on Trading Day t

4.1.1 INDEX FORMULA FOR THE DIVIDEND PAYING INSTRUMENTS

The DIVIDEND PAYING INDEX is calculated based on Laspeyres formula, which can be found on the https://www.solactive.com/wp-content/uploads/2020/03/Equity-Index-Methodology-1.2_25_03_2020_FINAL.pdf

4.1.2 INDEX FORMULA FOR THE INTEREST PAYING INSTRUMENTS

The INTEREST PAYING INDEX is an index whose value reflects the relative changes in bond values. The composition is adjusted quarterly.

As a Formula:

$$Totalreturn_{t,i} = \frac{Price_{t,i} + ACCInt_{t,i} + CPAdj_{t,i} + PaidCash_{t,i}}{Price_{t-1,i} + ACCInt_{t-1,i} + CPAdj_{t-1,i}} \cdot \frac{FX_{t,i}}{FX_{t-1,i}} - 1$$

$$Weighting_{t,i} = \frac{MarketValue_{t,i} \cdot Cap_{SD,i} \cdot FX_{t,i}}{\sum_{i=1}^n MarketValue_{t,i} \cdot Cap_{SD,i} \cdot FX_{t,i}} = \frac{(Price_{t,i} + ACCInt_{t,i} + CPAdj_{t,i}) * Amount_{SD,i} * Cap_{SD,i} \cdot FX_{t,i}}{\sum_{i=1}^n (Price_{t,i} + ACCInt_{t,i} + CPAdj_{t,i}) * Amount_{SD,i} * Cap_{SD,i} \cdot FX_{t,i}}$$

With:



$$Index_t = Index_{t-1} * (1 + \sum_{i=1}^a (Totalreturn_{t,i} * Weighting_{t-1,i}))$$

<i>Totalreturn_{t,i}</i>	= Total return of the bond i on trading day t
<i>Index_t</i>	= Value of the index on trading day t
<i>Index_{t-1}</i>	= Value of the index on trading day t-1
<i>Price_{t,i}</i>	= Last Evaluated Price of the bond i on trading day t
<i>Price_{t-1,i}</i>	= Last Evaluated Price of the bond i on trading day t-1
<i>ACCIInt_{t,i}</i>	= Accrued Interest of the bond i on trading day t
<i>ACCIInt_{t-1,i}</i>	= Accrued Interest of the bond i on trading day t-1
<i>Weighting_{t,i}</i>	= Weighting of the bond i on trading day t
<i>Weighting_{t-1,i}</i>	= Weighting of the bond i on trading day t-1
<i>Amount_{SD,i}</i>	= Amount Outstanding of bond i on the last Selection Day SD
<i>Cap_{SD,i}</i>	= Capping Factor which helps to adjust the weights as defined under 1.5
<i>FX_{t,i}</i>	= Foreign Exchange Rate of bond i on trading day t
<i>FX_{t-1,i}</i>	= Foreign Exchange Rate of bond i on trading day t-1
<i>PaidCash_{t,i}</i>	= a) Value of the coupon payment for bond i on trading day t b) If a bond i will be removed from the index, the resulting payment of the bond will be included in the paid cash component.
<i>CPAdj_{t,i}</i>	= Variable Coupon Adjustment Factor of bond i on trading day t if the bond trades ex-dividend Equal to 0 if bond i is not in an ex-dividend period on trading day t or bond i was included in the index during the ex-dividend period. Equal to the upcoming coupon if bond i is in an ex-dividend period on trading day t and bond i was included in the index before the ex-dividend period. The ex-dividend period is the period before the coupon payment date where the buyer of a bond is not entitled to the upcoming coupon. The ex-dividend date is the first date at which the bond does not include an entitlement to the next coupon payment when purchased. The Accrued Interest of bond i is negative during the ex-dividend period and 0 on the coupon payment date.



4.2. ACCURACY

The level of the INDEX will be rounded to four decimal places. Accrued Interest is calculated assuming T+2 settlement. If a bond does not pay any coupons (e.g. zero-coupon bonds or T-bills) the Accrued Interest as well as the coupon payment will be set to 0.

4.3. ADJUSTMENTS

Under certain circumstances, an adjustment of the INDEX may be necessary between two regular REBALANCING DAYS. Basically, such adjustment is need to be made if a corporate action (as specified in Section 4.4 below) in relation to an INDEX COMPONENT occurs. Such adjustment may need to be done in relation to an INDEX COMPONENT and/or may also affect the number of INDEX COMPONENTS and/or the weighting of certain INDEX COMPONENTS and will be made in compliance with the Bond Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/> and the Equity Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/equityindex-methodology/>.

4.4. CORPORATE ACTIONS

As part of the INDEX maintenance SOLACTIVE will consider various events – also referred to as corporate actions – which result in an adjustment to the INDEX between two regular REBALANCE DAYS. Such events have a material impact on the price, weighting or overall integrity of INDEX COMPONENTS. Therefore, they need to be accounted for in the calculation of the INDEX. Corporate actions will be implemented from the cum-day to the ex-day of the corporate action, so that the adjustment to the INDEX coincides with the occurrence of the price effect of the respective corporate action.

Adjustments to the INDEX to account for corporate actions will be made in compliance with the Bond Index Methodology, which is available which is available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>. This document contains for each corporate action a brief definition and specifies the relevant adjustment to the INDEX variables.

While SOLACTIVE aims at creating and maintaining its methodology for treatment of corporate actions as generic and transparent as possible and in line with regulatory requirements, it retains the right in accordance with the Bond Index Methodology to deviate from these standard procedures in case of any unusual or complex corporate action or if such a deviation is made to preserve the comparability and representativeness of the INDEX over time.

Solactive considers following, but not conclusive, list of corporate actions as relevant for INDEX maintenance:

- > Early Redemption (an event that leads to a redemption of a bond before the regular maturity date)
- > Flat Trading (e.g. a bond ISSUER fails to meet its coupon payment obligation)



- > Bond Default (e.g. when the ISSUER fails to meet its coupon payment obligation or repay the principal at maturity)
- > Tender Offers (a holder of a bond is invited to tender the bond for a specific price at a specific time before the regular maturity date)
- > Exchange Offers (type of a tender offer where the ISSUER offers its bondholders to exchange their existing bonds for an asset other than cash)
- > Distressed Debt Exchange (form of debt exchange when bondholders agree to reduce the principal amount of debt securities in order to obtain higher payment priority in the form of secured debt)
- > Bond Funge (bond issue that is attached to an existing one (parent bond). On a defined date the parent bond absorbs the funged bond)
- > Payment-in-Kind Bonds (a situation where a bond pay interest in additional bonds rather than in cash)
- > Conversion of [CoCo] Bonds
- > Debt Issuance
- > Bond Maturity

Furthermore, as part of the INDEX maintenance SOLACTIVE will consider various events – also referred to as corporate actions – which result in an adjustment to the INDEX between two regular REBALANCE DAYS. Such events have a material impact on the price, weighting or overall integrity of INDEX COMPONENTS. Therefore, they need to be accounted for in the calculation of the INDEX. Corporate actions will be implemented from the cum-day to the ex-day of the corporate action, so that the adjustment to the INDEX coincides with the occurrence of the price effect of the respective corporate action.

Adjustments to the INDEX to account for corporate actions will be made in compliance with the Equity Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/equityindex-methodology/>. This document contains for each corporate action a brief definition and specifies the relevant adjustment to the INDEX variables.

While SOLACTIVE aims at creating and maintaining its methodology for treatment of corporate actions as generic and transparent as possible and in line with regulatory requirements, it retains the right in accordance with the Equity Index Methodology to deviate from these standard procedures in case of any unusual or complex corporate action or if such a deviation is made to preserve the comparability and representativeness of the INDEX over time.

SOLACTIVE considers following, but not conclusive, list of corporate actions as relevant for INDEX maintenance:

- > Cash Distributions (e.g. payment of a dividend)
- > Stock distributions (e.g. payment of a dividend in form of additional shares)



- > Stock distributions of another company (e.g. payment of a dividend in form of additional shares of another company (e.g. of a subsidiary))
- > Share splits (company's present shares are divided and therefore multiplied by a given factor)
- > Reverse splits (company's present shares are effectively merged)
- > Capital increases (such as issuing additional shares)
- > Share repurchases (a company offer its shareholders the option to sell their shares to a fixed price)
- > Spin-offs (the company splits its business activities into two or more entities and distributes new equity shares in the created entities to the shareholders of the former entity)
- > Mergers & Acquisitions (transaction in which the ownership of a company (or other business organizations) are transferred or consolidated with other entities, e.g. fusion of two or more separate companies into one entity)
- > Delistings (company's shares are no longer publicly traded at a stock exchange)
- > Nationalization of a company (effective control of a legal entity is taken over by a state)
- > Insolvency

4.5. RECALCULATION

SOLACTIVE makes the greatest possible efforts to accurately calculate and maintain its indices. However, errors in the determination process may occur from time to time for variety reasons (internal or external) and therefore, cannot be completely ruled out. SOLACTIVE endeavors to correct all errors that have been identified within a reasonable period of time. The understanding of "a reasonable period of time" as well as the general measures to be taken are generally depending on the underlying and is specified in the Solactive Correction Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/correction-policy/>.

4.6. MARKET DISRUPTION

Market stress can arise due to a variety of reasons, but generally results in inaccurate or delayed prices for one or more INDEX COMPONENTS. The determination of the INDEX may be limited or impaired at times of illiquid or fragmented markets and market stress.



5. MISCELLANEOUS

5.1. DISCRETION

Any discretion which may need to be exercised in relation to the determination of the INDEX (for example the determination of the INDEX COMPONENTS or any other relevant decisions in relation to the INDEX) shall be made in accordance with strict rules regarding the exercise of discretion or expert judgement established by the INDEX ADMINISTRATOR.

5.2. METHODOLOGY REVIEW

The methodology of the INDEX is subject to regular review, at least annually. In case a need of a change of the methodology has been identified within such review (e.g. if the underlying market or economic reality has changed since the launch of the INDEX, i.e. if the present methodology is based on obsolete assumptions and factors and no longer reflects the reality as accurately, reliably and appropriately as before), such change will be made in accordance with the Methodology Policy, which is incorporated by reference available on the SOLACTIVE website: <https://www.solactive.com/documents/methodology-policy/>.

Such change in the methodology will be announced on the SOLACTIVE webpage under the Section "Announcement", which is available at <https://www.solactive.com/news/announcements/>. The date of the last amendment of this INDEX is contained in this GUIDELINE.

5.3. CHANGES IN CALCULATION METHOD

The application by the INDEX ADMINISTRATOR of the method described in this document is final and binding. The INDEX ADMINISTRATOR 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 ADMINISTRATOR may also make changes to the terms and conditions of the INDEX and the method applied to calculate the INDEX that it 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 ADMINISTRATOR is not obliged to provide information on any such modifications or changes. Despite the modifications and changes, the INDEX ADMINISTRATOR will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.



5.4. TERMINATION

SOLACTIVE makes the greatest possible efforts to ensure the resilience and continued integrity of its indices over time. Where necessary, SOLACTIVE follows a clearly defined and transparent procedure to adapt index methodologies to changing underlying markets (see Section 5.2 “Methodology Review”) in order to maintain continued reliability and comparability of the indices. Nevertheless, if no other options are available the orderly cessation of the INDEX may be indicated. This is usually the case when the underlying market or economic reality, which the INDEX is set to measure or to reflect, changes substantially and in a way not foreseeable at the time of inception of the INDEX, the INDEX rules, and particularly the selection criteria, can no longer be applied coherently or the INDEX is no longer used as the underlying value for financial instruments, investment funds and financial contracts.

SOLACTIVE has established and maintains clear guidelines on how to identify situations in which the cessation of the INDEX is unavoidable, how stakeholders are to be informed and consulted and the procedures to be followed for a termination or the transition to an alternative index. Details are specified in the Solactive Termination Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/termination-policy/>.

5.5. OVERSIGHT

An oversight committee composed of staff from SOLACTIVE and its subsidiaries (the “OVERSIGHT COMMITTEE”) is responsible for decisions regarding any amendments to the rules of the INDEX. Any such amendment, which may result in an amendment of the GUIDELINE, must be submitted to the OVERSIGHT COMMITTEE for prior approval and will be made in compliance with the Methodology Policy, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/methodology-policy/>.



6. DEFINITIONS

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 ADMINISTRATOR.

"BENCHMARK REGULATION" shall have the meaning as defined in Section "Introduction".

"BMR" shall have the meaning as defined in Section "Introduction".

A "BUSINESS DAY" is a day on which ASX is open for trading.

"CLOSE OF BUSINESS" is a time stamp when an INDEX is calculated.

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.

"DIVIDEND PAYING INDEX"

"EXCHANGE" is, in respect of the Index the ASX.

In particular an "EXTRAORDINARY EVENT" is

- a MERGER
- a TAKEOVER BID
- a DELISTING
- the NATIONALIZATION 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 ADMINISTRATOR), as determined by the INDEX ADMINISTRATOR, 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 REBALANCING 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 ADMINISTRATOR. 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 REBALANCING DAY. The procedure in this case is identical to an elimination due to and EXTRAORDINARY EVENT.



"GUIDELINE" shall have the meaning as defined in Section "Introduction".

"GROSS INDEX" is an index, which assumes the maximum possible amount of distributions is reinvested in such an index, and both cash and tax credits are considered.

"INDEX" shall have the meaning as defined in Section "Introduction".

"INDEX ADMINISTRATOR" shall have the meaning as defined in Section "Introduction".

"INDEX ADMINISTRATOR" is SOLACTIVE or any other appropriately appointed successor in this function.

"INDEX COMPONENT" is each bond reflected in the INDEX.

"INDEX COMPONENT REQUIREMENTS" shall have the meaning as defined in Section 2.1.

"INDEX CURRENCY" is the currency specified in the column "Currency" in the table in Section 1.2.

"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.

"ISSUER" is the issuing entity of the respective bond.

"INTEREST PAYING INDEX" is an index whose value reflects the relative changes in bond values.

"LIVE DATE" is 14th August 2017.

"MARKET CAPITALIZATION" is with regard to each of the shares in the SOLACTIVE AUSTRALIAN HYBRID SECURITIES INDEX on a SELECTION DAY or REBALANCING DAY the value published as the MARKET CAPITALIZATION for this day.

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 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):
 - a1) across the whole EXCHANGE; or
 - a2) 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
 - a3) on an EXCHANGE or in a trading or quotation system (as determined by the INDEX ADMINISTRATOR) in which an INDEX COMPONENT is listed or quoted; or
 - b) an event that (in the assessment of the INDEX ADMINISTRATOR) 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

a1) the actual closing time for normal trading on the EXCHANGE or AFFILIATED EXCHANGE on the TRADING DAY in question or, if earlier.

a2) 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 ADMINISTRATOR, whereby the INDEX ADMINISTRATOR 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,
- (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 ADMINISTRATOR if such a date cannot be determined under the law applicable to the MERGER.

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

"NET INDEX" is the index, which assumes the minimum possible amount of cash distributions is reinvested in the index, tax credits are not considered.

"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.

"OVERSIGHT COMMITTEE" shall have the meaning as defined in Section 5.5.

"PERCENTAGE WEIGHT" of an INDEX COMPONENT is the ratio of its TRADING PRICE multiplied by its NUMBER OF SHARES divided by the INDEX value.

"REBALANCING DAY" is the close of the tenth BUSINESS DAY of February, May, August, November.

"SOLACTIVE AUSTRALIAN HYBRID SECURITIES INDEX UNIVERSE" in respect of a SELECTION DAY are instruments that fulfill the following criteria:

- a) Listed on the ASX (Australian Stock Exchange)
- b) Trading in AUD
- c) Type of Issuance: Preferred shares, Convertible Bonds, Bonds with Subordinated Ranking. Only active issues included (default/suspended/called/without active listing status issues are excluded)
- d) Minimum MARKET CAPITALIZATION AUD\$ 100 million

"SELECTION DAY" is the close of the fifth BUSINESS DAY of the month where the index has a REBALANCING DAY.

"SOLACTIVE" shall have the meaning as defined in Section "Introduction".

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 ADMINISTRATOR based on notices submitted to public or self-regulatory authorities or other information considered by the INDEX ADMINISTRATOR to be relevant.

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 ADMINISTRATOR 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 ADMINISTRATOR shall determine the TRADING PRICE and the time of the quote for the share in question in a manner that appears reasonable to him.

CONTACT

Solactive AG
German Index Engineering

Platz der Einheit 1
60327 Frankfurt am Main
Germany

Tel.: +49 (0) 69 719 160 00

Fax: +49 (0) 69 719 160 25

Email: info@solactive.com

Website: www.solactive.com

© Solactive AG