

Market Consultation Solactive Global Innovation Index

21 December 2020

Content of the Market Consultation

Solactive AG has decided to conduct a Market Consultation with regard to changing the Index Methodology of the following Indices (the ‘Affected Indices’):

|  |  |  |
| --- | --- | --- |
| **Indexname** | **RIC** | **ISIN** |
| Solactive Global Innovation GTR Index | .SOLEDGET | DE000SLA5FJ2 |
| Solactive Global Innovation NTR Index | .SOLEDGEN | DE000SLA5FK0 |
| Solactive Global Innovation PR Index | .SOLEDGE | DE000SLA5FL8 |

Rationale for Market Consultation

Solactive AG deems the current Index Methodology lacking regarding the appropriate reflection of the Index Objective. The Index Objective is set to represent an investable universe of publicly-traded companies that are involved in innovative and disruptive technological trends across a broad range of industries. The Affected Indices classify the trends in several themes and a company is eligible for inclusion in the Affected Indices if it derives its assets or revenue from the themes. The themes need to be reviewed on an ongoing basis as new technological trends could arise or the currently defined themes need to be adjusted or removed. In order to align better with the Index Objective of the Affected Indices, the following changes are proposed.

Proposed Changes to the Index Guideline

The following Methodology Changes are proposed in the following points of the Index Guideline ordered in accordance with the numbering of the affected sections):

1. **Section 1.5: Weighting**

From (old version):

“[…] Finally, Index Components within the Index Categories are weighted equally apart from the Index Category Cyber Security – provided the Category is eligible for inclusion – where companies are weighted to their Security-level Market Capitalization capped at a maximum weight of 7.5 per cent times the Category weight as determined in the above mechanism.”

To (new version):

“[…] Finally, Index Components within the Index Categories are weighted equally apart from the Index Category Cyber Security and Cloud Computing & Big Data – provided the Category is eligible for inclusion – where companies are weighted to their Security-level Market Capitalization capped at a maximum weight of 7.5 per cent times the Category weight as determined in the above mechanism.”

1. **Section: 2.1 Selection of the Index Components**

From (old version):

“Based on the criteria outlined in Chapter 4, the Index Calculator determines the securities that are eligible for inclusion in the index. These securities are filtered according to the criteria below, resulting in the final index selection: All companies in the Index Universe are sorted into the following nine Index Categories based on their Industry as outlined in the following table:

|  |  |
| --- | --- |
| Index Category | Industry/Index |
| Blockchain | Blockchain Technology  Cryptocurrency Mining  Cryptocurrency Trading / Exchanges |
| Cloud Computing & Big Data | Enterprise Management Software |
| Cyber Security | Carrier Edge Network Management Equipment  Customer Premises Network Security Equipment  Colocation and Data Center Services  Government IT Services  Network Security Access Policy Software  Network Security Software |
| Future Cars | Car Manufacturers  Auto Interior Comfort/Safety/Electronics Products  Fuel Cell Equipment and Technology Providers  Heavy-Duty and High-End Batteries Manufacturing  Video Multimedia Semiconductors  General Analog and Mixed Signal Semiconductors |
| Genomics | Hematological Oncology Biopharmaceuticals  Other Oncology Biopharmaceuticals  Biotechnology and Genomics (GMO/Hybrids) Products |
| Robotics & Automation | Factory Automation Equipment  General Semiconductors  Industrial Machine Parts and Support Equipment  Processor Semiconductors  Specialized Semiconductors  Programmable Logic and ASIC Semiconductors  Household Robotics  Surgical Robotic Systems |
| Social Media | Communication and Collaboration Content Sites  Web Search Sites and Software |
| Virtual/Augmented Reality | Virtual Reality Design and Engineering Software  Home and Office Virtual Reality Software  Virtual Reality Equipment |
| 5G | Wireless Services  Other Network Software  Network Security Software  Network Administration Software  Network Security Access Policy Software  Diversified Technology Hardware  General Communications Equipment  Other Communications Semiconductors |

For the Index Categories Future Cars and Cyber Security, the selection process of the Index Components follows the process as defined in the index guideline of the Solactive Future Cars Index and the Solactive Global Cyber Security Index, respectively:

https://www.solactive.com/wp-content/uploads/2017/10/Solactive-Future-Cars-Index.pdf

https://www.solactive.com/wp-content/uploads/2017/08/Solactive-Global-Cyber-Security-Index.pdf

For the remaining Index Categories, the Top 10 companies according to the Security-level Market Capitalization are selected as Index Components. Should there be less than 5 eligible companies in an Index Category, the entire Index Category is not considered further in the index selection process.”

To (new version):

“Based on the criteria outlined in Chapter 4, the Index Calculator determines the securities that are eligible for inclusion in the index. These securities are filtered according to the criteria below, resulting in the final index selection:

All companies in the Index Universe are sorted into the following nine Index Categories based on their Industry as outlined in the following table:

|  |  |
| --- | --- |
| Index Category | Industries |
| Blockchain | Blockchain Technology  Cryptocurrency Mining  Cryptocurrency Trading / Exchanges |
| Cloud Computing & Big Data | Enterprise Management Software  Internet Hosting Services  Network Infrastructure Software  Communications Infrastructure Software  Data Storage Infrastructure Software  Diversified IT Infrastructure Software  Data Storage Drives and Peripherals  Information and Disk Storage Systems  Multi-Type Data Storage Hardware Makers  Web Search Sites and Software  General and Mixed-Type Software  Productivity Software  Internet Department Stores |
| Cyber Security | Carrier Edge Network Management Equipment  Customer Premises Network Security Equipment  Colocation and Data Center Services  Government IT Services  Network Security Access Policy Software  Network Security Software |
| Future Cars | Alternative Energy Car Manufacturers  Multi-Type Car Manufacturers  Auto Interior Comfort/Safety/Electronics Products  Fuel Cell Equipment and Technology Providers  Heavy-Duty and High-End Batteries Manufacturing  Video Multimedia Semiconductors  General Analog and Mixed Signal Semiconductors |
| Genomics | Hematological Oncology Biopharmaceuticals  Other Oncology Biopharmaceuticals  Biotechnology and Genomics (GMO/Hybrids) Products  Diversified Bioanalytical Instruments  Analytical and Bioanalytical Services  Bioanalytical Consumables  Genetic Molecular Diagnostic Test Kits |
| Robotics & Automation | Factory Automation Equipment  General Semiconductors  Industrial Machine Parts and Support Equipment  Processor Semiconductors  Specialized Semiconductors  Programmable Logic and ASIC Semiconductors  Household Robotics  Surgical Robotic Systems |
| Video Gaming | Electronic Gaming/Entertainment Electronics Makers  Console Games Software Index Guideline 10  Handheld and Smart Phone Games Software  Online Game Websites and Software  Other Games Software |
| Virtual/Augmented Reality | Virtual Reality Design and Engineering Software  Home and Office Virtual Reality Software  Virtual Reality Equipment |
| 5G | Wireless Services  Other Network Software  Network Security Software  Network Administration Software  Network Security Access Policy Software  Diversified Technology Hardware  General Communications Equipment  Other Communications Semiconductors |

For the Index Categories Future Cars, Cyber Security, Video Gaming and Cloud Computing & Big Data, the selection process of the Index Components follows the process as defined in the index guideline of the Solactive Future Cars Index, Solactive Global Cyber Security Index, Solactive eGaming Index and Solactive Global Cloud Computing Index, respectively:

<https://www.solactive.com/wp-content/uploads/2017/10/Solactive-Future-Cars-Index.pdf>

<https://www.solactive.com/wp-content/uploads/2017/08/Solactive-Global-Cyber-Security-Index.pdf>

<https://www.solactive.com/wp-content/uploads/2019/06/Solactive-eGaming-Index_Guideline-1.pdf>

https://solactive.com/downloads/Guideline-Solactive-SGCLOUD.pdf

For the remaining Index Categories, the Top 10 companies according to the Security-level Market Capitalization are selected as Index Components. Should there be less than 5 eligible companies in an Index Category, the entire Index Category is not considered further in the index selection process.”

1. **Section: 4 Definitions**

**Definition of “Index Universe”**

From (old version):

“Index Universe” in respect of a Selection Day are companies that fulfill the following criteria:[…]

4. Companies must be classified under any of the following FactSet Revere Business Industry Classification System (“RBICS”) (sub)-industries:

Communication and Collaboration Content Sites, Web Search Sites and Software, Enterprise Management Software, Blockchain Technology, Cryptocurrency Mining, Cryptocurrency Trading / Exchanges, Hematological Oncology Biopharmaceuticals, Other Oncology Biopharmaceuticals, Biotechnology and Genomics (GMO/Hybrids) Products, Factory Automation Equipment, General Semiconductors, Industrial Machine Parts and Support Equipment, Processor Semiconductors, Specialized Semiconductors, Programmable Logic and ASIC Semiconductors, Household Robotics, Surgical Robotic Systems, Car Manufacturers, Auto Interior Comfort/Safety/Electronics Products, Fuel Cell Equipment and Technology Providers, Heavy-Duty and High-End Batteries Manufacturing, Video Multimedia Semiconductors, General Analog and Mixed Signal Semiconductors, Carrier Edge Network Management Equipment, Customer Premises Network Security Equipment, Colocation and Data Center Services, Government IT Services, Network Security Access Policy Software, Network Security Software, Virtual Reality Design and Engineering Software, Home and Office Virtual Reality Software, Virtual Reality Equipment, Wireless Services, Other Network Software, Network Administration Software, Diversified Technology Hardware, General Communications Equipment and Other Communications Semiconductors.

To (new version):

“Index Universe” in respect of a Selection Day are companies that fulfill the following criteria:[…]

4. Companies must be classified under any of the following FactSet Revere Business Industry Classification System (“RBICS”) (sub)-industries:

Blockchain Technology, Cryptocurrency Mining, Cryptocurrency Trading / Exchanges, Enterprise Management Software,Internet Hosting Services,Network Infrastructure Software,Communications Infrastructure Software,Data Storage Infrastructure Software,Diversified IT Infrastructure Software,Data Storage Drives and Peripherals,Information and Disk Storage Systems,Multi-Type Data Storage Hardware Makers,Web Search Sites and Software,General and Mixed-Type Software,Productivity Software,Internet Department Stores,Carrier Edge Network Management Equipment,Customer Premises Network Security Equipment,Colocation and Data Center Services,Government IT Services,Network Security Access Policy Software,Network Security Software,Alternative Energy Car Manufacturers,Multi-Type Car Manufacturers,Auto Interior Comfort/Safety/Electronics Products,Fuel Cell Equipment and Technology Providers,Heavy-Duty and High-End Batteries Manufacturing,Video Multimedia Semiconductors,General Analog and Mixed Signal Semiconductors,Hematological Oncology Biopharmaceuticals,Other Oncology Biopharmaceuticals,Biotechnology and Genomics (GMO/Hybrids) Products,Diversified Bioanalytical Instruments,Analytical and Bioanalytical Services,Bioanalytical Consumables,Genetic Molecular Diagnostic Test Kits,Factory Automation Equipment,General Semiconductors,Industrial Machine Parts and Support Equipment,Processor Semiconductors,Specialized Semiconductors,Programmable Logic and ASIC Semiconductors,Household Robotics,Surgical Robotic Systems,Electronic Gaming/Entertainment Electronics Makers,Console Games Software Index Guideline 10,Handheld and Smart Phone Games Software,Online Game Websites and Software,Other Games Software,Virtual Reality Design and Engineering Software,Home and Office Virtual Reality Software,Virtual Reality Equipment,Wireless Services,Other Network Software,Network Security Software,Network Administration Software,Network Security Access Policy Software,Diversified Technology Hardware,General Communications Equipment,Other Communications Semiconductors.

**Definition of “Index Category”**

From (old version):

“Index Category” is any of the following: Blockchain, Cloud Computing & Big Data, Cyber Security. Future Cars, Genomics, Robotics & Automation, Social Media, Virtual/Augmented Reality

To (new version):

“Index Category” is any of the following: Cloud Computing & Big Data, Cyber Security. Future Cars, Genomics, Robotics & Automation, Virtual/Augmented Reality, 5G, Video Gaming.

Feedback on the Proposed Changes

If you would like to share your thoughts with Solactive, please use this consultation form and provide us with your personal details and those of your organization.

|  |  |
| --- | --- |
| Name |  |
| Function |  |
| Organization |  |
| Email |  |
| Phone |  |
| Confidentiality (Y/N) |  |

Solactive is inviting all stakeholders and interested third parties to evaluate the proposed changes to the Methodology for the Solactive Global Innovation Index and welcomes any feedback on how this may affect and/or improve their use of Solactive indices.

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Consultation Procedure

Stakeholders and third parties who are interested in participating in this Market Consultation, are invited to respond until 30/12/2020.

Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on 08/01/2021.

Please send your feedback via email to [compliance@solactive.com](mailto:compliance@solactive.com), specifying “Market Consultation Solactive Global Innovation” as the subject of the email, or

via postal mail to: **Solactive AG**

Platz der Einheit 1

60327 Frankfurt am Main

Germany

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| --- | --- |
| Should you have any additional questions regarding the consultative question in particular, please do not hesitate to contact us via above email address. |  |



# 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](mailto:info@solactive.com)

Website: [www.solactive.com](http://www.solactive.com)

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