

# SOLACTIVE EMERGING MARKETS THEMATIC INDEX SERIES

On a Long-Term Growth Path

**SOLACTIVE AG**  
German Index Engineering

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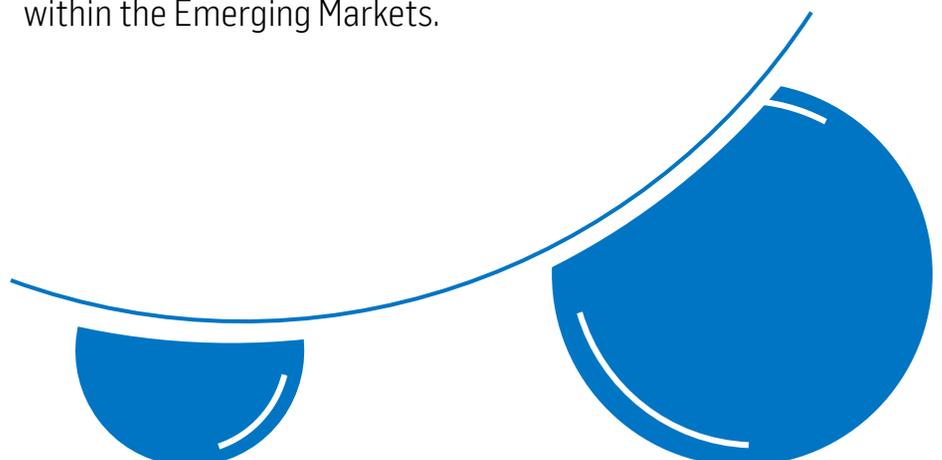
## EXECUTIVE SUMMARY

**Global Emerging Markets** are on a long-term growth path.

Although the COVID-19 pandemic has changed our world and worsened poverty and starvation in many areas globally, it may hopefully turn out to be just a speed bump for the very long-term economic growth – despite all human tragedy and suffering.

As in our thematic index series **Solactive Future Trends**, we also intend to look beyond short-term developments in this **Emerging Markets Thematic Index Series** and focus on megatrends that will remain relevant over the next years and decades. The index series covers indices in the broad fields of **technology & digitalization, consumption, health care, and trade**.

The index methodologies vary according to the best fit to represent the respective investment theme. All concepts are designed to select beneficiaries of **long-term growth of emerging nations and future trends** within the Emerging Markets.



# INTRODUCTION

## INTRODUCTION

### EMERGING INVESTMENT CASES IN THE EMERGING MARKETS

According to the International Monetary Fund's (IMF) World Economic Outlook, one year ago (Jan-2020), the global GDP was expected to grow by 3.3% and 3.4% in 2020 and 2021. As of October 2020, these numbers have changed to -4.4% and 5.2%. Thus, we will miss earlier anticipated GDP-levels by far. A year ago, the IMF predicted a growth of 1.6% for the advanced economies in 2020 and 2021. These projections have changed to -5.8% in 2020 and a rebound of 3.9% in 2021. While a recovery in the advanced economies will help the Emerging Markets through stabilizing global demand and trade, the IMF expects a strong rebound for the segment of the Emerging Markets. After a decline of -3.3%, a 6%-upswing appears feasible in the Emerging Markets and Developing Economies.<sup>1</sup>



**Emerging investment cases in the Emerging Markets, backed by strong economic growth**

The poster child – with a pure look at the numbers – is China, with an expected growth of 1.9% in 2020 and 8.0% in 2021.<sup>1</sup> Some observers now see China outgrowing the United States as the largest economy sooner than without the pandemic. For instance, based on World Bank and IMF data, the World Economic Forum writes that “China could overtake the US as the world's largest economy by 2024”, and that most of the top-five global economies will be Asian by then.<sup>2</sup> Others see this to happen a few years later, but earlier than previously expected, identifying COVID-19 as the reason for the change in global economic leadership to happen sooner than later.<sup>3</sup> The only other Emerging Markets expected to grow above 6.0% in 2021 are India with 8.8% (after having suffered with -10.3% in 2020), and the ASEAN-5 nations with 6.2%. Other regions or big countries are expected to grow by up to 4.0% in 2021.<sup>1</sup>

Real GDP growth figures / projections of the International Monetary Fund's (IMF) World Economic Outlook<sup>1</sup>

|  | Year<br>Estimate as of | 2019       |            | 2020       |            | 2021       |            |
|--|------------------------|------------|------------|------------|------------|------------|------------|
|  |                        | Jan-20-Est | Oct-20-Est | Jan-20-Est | Oct-20-Est | Jan-20-Est | Oct-20-Est |
| <b>World</b>                                     |                        | 2.9        | 2.8        | 3.3        | -4.4       | 3.4        | 5.2        |
| <b>Advanced Economies</b>                        |                        | 1.7        | 1.7        | 1.6        | -5.8       | 1.6        | 3.9        |
| <b>Emerging Markets and Developing Economies</b> |                        | 3.7        | 3.7        | 4.4        | -3.3       | 4.6        | 6.0        |
| <b>Emerging and Developing Asia</b>              |                        | 5.6        | 5.5        | 5.8        | -1.7       | 5.9        | 8.0        |
| China  |                        | 6.1        | 6.1        | 6.0        | 1.9        | 5.8        | 8.2        |
| India  |                        | 4.8        | 4.2        | 5.8        | -10.3      | 6.5        | 8.8        |
| ASEAN-5 (IDN, MYS, PHL, THA, VNM)                |                        | 4.7        | 4.9        | 4.8        | -3.4       | 5.1        | 6.2        |
| <b>Emerging and Developing Europe</b>            |                        | 1.8        | 2.1        | 2.6        | -4.6       | 2.5        | 3.9        |
| Russia   |                        | 1.1        | 1.3        | 1.9        | -4.1       | 2.0        | 2.8        |
| <b>Latin America and the Caribbean</b>           |                        | 0.1        | 0.0        | 1.6        | -8.1       | 2.3        | 3.6        |
| Brazil   |                        | 1.2        | 1.1        | 2.2        | -5.8       | 2.3        | 2.8        |
| Mexico   |                        | 0.0        | -0.3       | 1.0        | -9.0       | 1.6        | 3.5        |
| <b>Middle East and Central Asia</b>              |                        | 0.8        | 1.4        | 2.8        | -4.1       | 3.2        | 3.0        |

[1] International Monetary Fund (IMF), [World Economic Outlook Reports](#).

[2] World Economic Forum (WEF), [China could overtake the US as the world's largest economy by 2024](#).

[3] Centre for Economics and Business Research (CEBR), [World Economic League Table](#).

## INTRODUCTION

### EMERGING INVESTMENT CASES IN THE EMERGING MARKETS

The presented figures indicate strong GDP growth of the Emerging Markets, driven by Asia. Our **Solactive Emerging Markets Thematic Index Series** focuses on global developments, however, given recent economic developments, some of the concepts are tilted towards the Asian markets.

Despite the understandable interest in short-term economic developments, our intention is to concentrate on long-term changes and economic advances of up to and above ten years. There are different areas of growth and improvements. Important examples are population growth rates and societal evolutions (although in some areas demographic challenges are discussed), a rising capital endowment of Emerging Markets middle classes, technological progress and digitalization, the rise of strong companies, as well as more professional governance structures in many relevant areas. Combined with enhancements in health care, a world in which more parts of the global population live in prosperity appears feasible.



**Emerging Markets, especially in Asia, are experiencing a transition from producing non-complex inputs and being the world's factory towards playing an essential and leading role in our evermore digitalized world.**

Our view on the index concepts covering investment cases that we present in this document has not changed due to the global COVID-19 pandemic. The **Solactive Emerging Markets Thematic Index Series** offers a variety of different concepts. The idea behind them is to provide investors with exposure to the fastest growing economies, benefiting from the rapid growth and technological catch-up. As far as technological progress is concerned, some Emerging Market nations and companies – especially in Asia – are experiencing a transition from producing non-complex inputs and being the world's factory towards playing a leading role in our evermore digitalized world. As a prime example, China has risen faster than any other country by 20 positions in the Global Innovation Index over the time-period from 2012 to 2019 and has stayed on position 14 in 2019 as well as in 2020. <sup>4</sup>

[4] Cornell, INSTEAD, WIPO, [The Global Innovation Index \(GII\) 2020: Who Will Finance Innovation?](#)

## INTRODUCTION

### EMERGING INVESTMENT CASES IN THE EMERGING MARKETS

The **Solactive Emerging Markets Thematic Indices** profit from a prospering Emerging Markets' population, technological advancement, and establishing partnerships such as trade agreements. The index concepts cover the fields of technology & digitalization, consumption, healthcare, and trade:

- Solactive EM Digital Innovation Index
- Solactive Asia Robotics & Artificial Intelligence Index
- Solactive EM Internet Platform Index
- Solactive Greater Bay Digital Innovation Index
- Solactive EM Next-Level Consumption Index
- Solactive EM Consumer Index
- Solactive China Outbound Tourism Index
- Solactive EM Healthcare Index
- Solactive RCEP Index
- Solactive One Belt One Road Index

The methodologies vary according to the best fit for the respective theme. All concepts are designed to select beneficiaries of long-term growth of developing nations and future trends regarding the Emerging Markets. For some indices, we use ARTIS (Algorithmic Theme Identification System), our in-house developed natural language processing (NLP) tool. For trade-oriented indices, we use the geographical revenue exposure of companies, while sector-based strategies apply sector screens.

The indices in this document are based on our **Solactive Global Benchmark Series** and the two benchmarks **Solactive GBS Global Markets L&M Cap Index** and the **Solactive GBS Emerging Markets L&M Cap Index**. As we focus purely on thematic investments, we do not directly include ESG investment criteria. Of course, all index concepts can be customized to screen for controversies, for example, based on the United Nations Global Compact. Further, besides the thematic indices in this document, we provide the **Solactive ISS Prime Rated ESG Emerging Markets L&M Cap Index** as well as the **Solactive ISS ESG Screened Emerging Markets Index**. These benchmarks include stocks of companies fulfilling strict ESG-criteria (prime-rated companies) or stocks of companies that are not involved in defined controversial activities. Benchmarks mentioned / used in this document are:

- Solactive GBS Global Markets Large & Mid Cap Index
- Solactive GBS Emerging Markets Large & Mid Cap Index
- Solactive ISS Prime Rated ESG Emerging Markets Large & Mid Cap Index
- Solactive ISS ESG Screened Emerging Markets Index

# Solactive Global Benchmark Series (GBS)

Baseline for our Emerging Markets Thematic Indices

## SOLACTIVE GLOBAL BENCHMARK SERIES (GBS) BASELINE FOR OUR EMERGING MARKETS THEMATIC INDEX SERIES

Most indices within this **Emerging Markets Thematic Index Series** take the **Solactive Global Benchmark Series (GBS)** as the starting universe.

The **Solactive GBS Global Markets L&M Cap Index** tracks the performance of the Large & Mid Cap indices of the 24 Developed and 26 Emerging Markets countries, based on our in-house country classification. The **Solactive GBS Emerging Markets L&M Index** includes the 26 emerging market countries. The Large & Mid Cap Benchmarks cover approximately 85% of free-float market capitalization and are weighted by free-float market capitalization.

| All Countries           |  |   |  |  |   |
|-------------------------|--|---|--|--|---|
| Developed Markets       |  |   | Emerging Markets   |  |   |
| Americas                | Europe & Middle E.   | Asia-Pacific  | Americas   | Europe, Middle E. & Africa   | Asia-Pacific  |
| Canada<br>United States | Austria<br>Belgium<br>Denmark<br>Finland<br>France<br>Germany<br>Ireland<br>Israel<br>Italy<br>Netherlands<br>Norway<br>Poland<br>Portugal<br>Spain<br>Sweden<br>Switzerland<br>United Kingdom | Australia<br>Hong Kong<br>Japan<br>New Zealand<br>Singapore | Argentina<br>Brazil<br>Chile<br>Colombia<br>Mexico<br>Peru | Czech Rep.<br>Egypt<br>Greece<br>Hungary<br>Kuwait<br>Qatar<br>Russia<br>Saudi Arabia<br>South Africa<br>Turkey<br>UAE | China<br>India<br>Indonesia<br>Malaysia<br>Pakistan<br>Philippines<br>South Korea<br>Taiwan<br>Thailand |



### Universe Definition

For a security to be included in the index universe strict short- and long-term tradability criteria need to be met

- Minimum average daily value traded of > USD 1mn over the periods of 1-month and 6-months
- Minimum shares traded over the 1-month (100k) and 6-months (600k) period
- Less than 10 non-trading days in the previous 3 months
- Minimum free-float percentage of 10%
- Minimum foreign ownership limit of 10% and foreign ownership room of 15%

### Index Selection Approach

- For the Large & Mid Cap index versions, the top 85% of companies in terms of free-float market capitalization is selected
- The size of each index changes dynamically with the development of the respective stock market compared to being restricted to a fixed number of securities
- The GBS index family follows a bottom-up approach and the GBS Emerging Markets Index is a subset of the GBS Global Markets Index
- The indices are subject to a semi-annual reconstitution and quarterly IPO review

# INDEX CONCEPTS



Digital innovation is taking the world by storm – a trend that is not expected to stop. A continuous string of innovations has not been limited to the developed world when it comes to its beneficiaries or creators. Our [Solactive EM Digital Innovation Index](#) tracks digital innovators greatly exposed to EMs.



### Investment idea

Digital technologies are becoming increasingly sophisticated at an exponential rate. These developments would not be able to be materialized at the observed levels without the endeavors of innovative companies.

Whereas the lion's share of these advances has occurred in developed nations up until recently, now those taking place in Emerging Markets have picked up at a rapid pace.

The Solactive EM Digital Innovation Index tracks companies benefiting from the technological evolution of emerging nations.



### Index methodology

The equity universe of the index is that of the Solactive GBS Global Markets Large & Mid Cap Index.

We filter out companies that are not identified by ARTIS® – our proprietary natural language processing system – given a set of keywords relevant to the theme. Additionally, companies that perceive less than 50 percent of their revenues out of Emerging Markets (as defined by the Solactive Country Classification Framework) are not eligible for inclusion in the index.

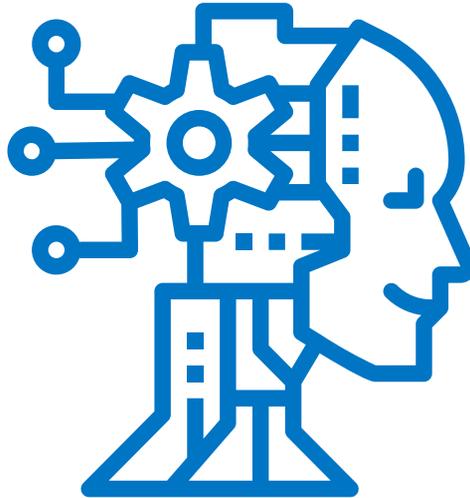
Out of the resulting universe, we select the top-30 companies according to theme relevance, as identified by ARTIS®.



### Top index constituents

- |           |            |
|-----------|------------|
| > NetEase | > iQIYI    |
| > Sea     | > Huya     |
| > Alibaba | > Kingsoft |





Asia belongs to the leading regions in the robotics field and employs the largest share of industrial robots worldwide. The [Solactive Asia Robotics & Artificial Intelligence Index](#) constituents ride this trend and benefit from long-term growth and innovation in robotics technologies and AI.



### Investment idea

Alongside digitalization, a new wave of innovation is triggered by artificial intelligence and robotics. Asia is the strongest market for industrial robots: as of 2018, around 65% of the world's total industrial usage accounts for this region. Moreover, the share of newly installed robots in Asia in 2019 was around two thirds of the total global supply.

The Solactive Asia Robotics & Artificial Intelligence Index includes companies that contribute to the advancement of robotics and/or artificial intelligence products and services. Among others, companies are active in semiconductor manufacturing, internet and data services, as well as software segments.



### Index methodology

The selection universe comprises securities and ADRs with the Country of Risk in the Asian region. We include China, Hong Kong, India, Indonesia, Japan, Malaysia, Pakistan, Philippines, Singapore, South Korea, Thailand, and Taiwan (as sourced from data vendors).

The final constituent selection is based on FactSet's Revere Business Industry Classification System (RBICS). We include companies that are classified under sub-industries in the broad fields of Robotics & Automation as well as in the field of Artificial Intelligence.



### Top index constituents

- > Will Semiconductor
- > Largan Precision
- > Rohm
- > Han's Laser Technology
- > Unigroup Guoxin Microelectronics
- > iFLYTEK



## SOLACTIVE EM INTERNET PLATFORM INDEX

INVESTING IN THE EMERGING WORLD'S DIGITAL ECOSYSTEMS



Emerging countries' digital infrastructure is improving by the day, and their citizens will increasingly rely on digital ecosystems for their day-to-day routines. Our [Solactive EM Internet Platform Index](#) tracks the companies providing digital platforms across Emerging Markets.



### Investment idea

The radical evolution of technology has enabled the development of digital ecosystems at a great scale on a worldwide basis.

From buying novel objects through the click of a button, to accessing thousands of lectures by just surfing on the web, the internet has enabled a previously-unimaginable degree of connectivity. This development has not spared emerging nations, whose citizens have embraced new technologies as they have been evolving.

The Solactive EM Internet Platform Index tracks companies enabling digital platforms, such as online marketplaces, in Emerging Markets.



### Index methodology

The equity universe of the index is that of the Solactive GBS Global Markets Large & Mid Cap Index.

We filter out companies that are not identified by ARTIS® – our proprietary natural language processing system – given a set of keywords relevant to the theme. Additionally, companies that perceive less than 50 percent of their revenues out of Emerging Markets (as defined by the Solactive Country Classification Framework) are not eligible for inclusion in the index.

Out of the resulting universe, we select the top-30 companies according to theme relevance, as identified by ARTIS®.



### Top index constituents

- > Alibaba
- > Sea
- > NetEase
- > JD.com
- > New Oriental Education & Techn. Group
- > MercadoLibre



# SOLACTIVE GREATER BAY DIGITAL INNOVATION INDEX

INVESTING IN THE GREATER BAY AREA'S INNOVATION REVOLUTION



Fast technological progress is visible all over the world, but particularly so in Asia. Among the region's main hubs of digital innovation is China's Greater Bay Area. Our [Solactive Greater Bay Digital Innovation Index](#) tracks companies involved in innovative technologies based in this region.



## Investment idea

The Guangdong-Hong Kong-Macau Greater Bay Area is a region encompassing some of the area's major cities, which make up a total of over 70 million people.

Not only is this region great in size and population but also many tech-driven companies are increasingly rooting in this area due to its innovation fostering ecosystem and digital infrastructure. Thus, it should be expected that many innovations will continue to come out of this region.

The Solactive Greater Bay Digital Innovation Index tracks innovative companies located in the Greater Bay Area.



## Index methodology

The equity universe of the index is that of the Solactive GBS Global Markets Large & Mid Cap Index.

We filter out companies that are not identified by ARTIS® – our proprietary natural language processing algorithm – given a set of theme relevant keywords. Additionally, companies not based in major cities encompassing the Greater Bay Area are not eligible for inclusion in the index.

Out of the resulting universe, we select the top-20 companies according to theme relevance, as identified by ARTIS®.



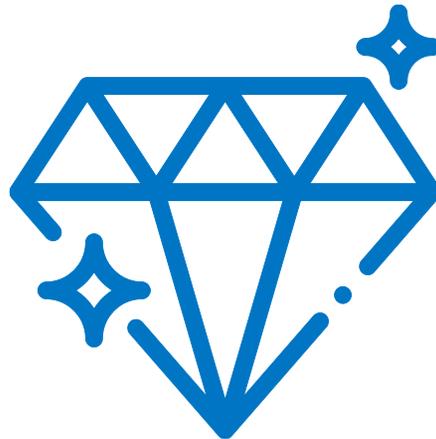
## Top index constituents

- > Huya
- > Tencent
- > Ping An Insurance
- > Alibaba Health Information Technology
- > Kingdee International Software
- > HKT Trust and HKT Limited



## SOLACTIVE EM NEXT-LEVEL CONSUMPTION INDEX

### INVESTING IN THE BENEFICIARIES OF FAST-GROWING WEALTH



Large parts of Emerging Markets' societies are catching up in wealth, and a new generation of affluent citizens craving for non-essential goods is evolving. Our [Solactive EM Next-Level Consumption Index](#) tracks the beneficiaries of Emerging Markets' non-essential consumption patterns.



#### Investment idea

One of the most noticeable societal trends is the increase in wealth of emerging nations in some middle and upper classes – slowly converging towards the wealth levels of developed nations.

Emerging Markets' societies become wealthier on a relative basis, as well as more developed in the process. At the same time, parts of their population become able to generate income streams that would not have been able to be generated previously. These income streams allow to strive for the fulfillment of their non-essential needs.

The Solactive EM Next-Level Consumption Index tracks companies providing non-essential goods in demand by Emerging Markets' affluent citizens.



#### Index methodology

The equity universe of the index is that of the Solactive GBS Global Markets Large & Mid Cap Index.

We filter out companies that are not identified by ARTIS® – our proprietary natural language processing system – given a set of keywords relevant to the theme. Additionally, companies that perceive less than 25 percent of their revenues out of Emerging Markets (as defined by the Solactive Country Classification Framework) are not eligible for inclusion in the index.

Out of the resulting universe, we select the top-30 companies according to theme relevance, as identified by ARTIS®.



#### Top index constituents

- > Walt Disney
- > Farfetch
- > LVMH Moët Hennessy Louis Vuitton
- > JD.com
- > Estée Lauder Companies
- > Burberry Group



## SOLACTIVE EM CONSUMER INDEX

### INVESTING IN COMPANIES CATERING THE EM CONSUMER



The share of Emerging Market's total consumption relative to that of the world is steadily increasing, driven by higher growth rates in both population and GDP. The [Solactive EM Consumer Index](#) tracks companies catering specifically this group of consumers, benefitting in the process.



#### Investment idea

According to the United Nations, population growth is largely to be expected from less developed nations. Particularly, the eight countries with the highest population growth are all Emerging Markets.

These nations are expanding with regard to their population. At the same time, their citizens are getting wealthier (e.g., measured on a per-capita basis). Therefore, companies fueling consumption across the emerging world are well-positioned to benefit from these societal trends.

The Solactive EM Consumer Index provides exposure to companies that focus solely on serving the consumption needs of Emerging Markets' citizens.



#### Index methodology

The equity universe of the index is that of the Solactive GBS Global Markets Large & Mid Cap Index.

We filter out companies that do not perceive 100 percent of their revenues out of Emerging Markets (as defined by the Solactive Country Classification Framework).

We only include companies whose FactSet Economy is Consumer Durables, Consumer Non-Durables, or Consumer Services.



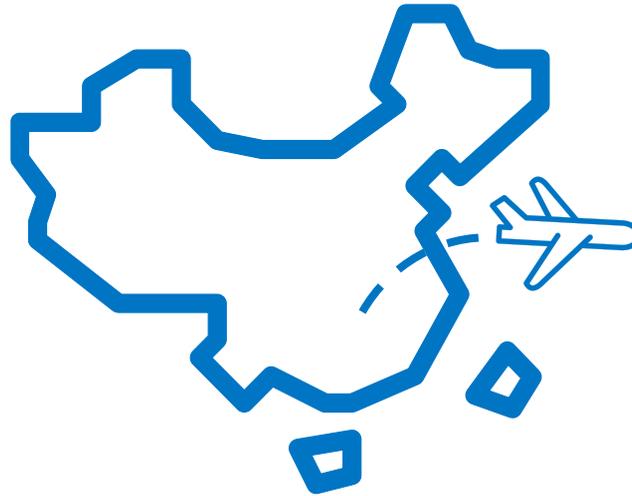
#### Top index constituents

- > Foshan Haitian Flavouring & Food
- > Pinduoduo
- > Offcn Education Technology
- > Jiangsu Yanghe Brewery
- > New Oriental Education & Techn.
- > Magazine Luiza



# SOLACTIVE CHINA OUTBOUND TOURISM INDEX

## INVESTING IN COMPANIES FOCUSED ON CHINA TOURISM



An increase in the population's wealth has led China to become the world's largest outbound travel market. Our [Solactive China Outbound Tourism Index](#) seeks to gain exposure to the main beneficiaries of the growth in Chinese outbound tourism.



### Investment idea

Chinese economic growth has been one of the world's most remarkable development milestones of the last decades. Alongside a wealthier population has come a rise in the number of citizens seeking new experiences. This fact can be reflected by China being the world's largest outbound travel market.

In order to benefit from this trend, we have created our Solactive China Outbound Tourism Index. The companies that constitute it belong to industries that are expected to benefit from Chinese outbound tourism – once again, as soon as the world of traveling reopens after humankind will have won the fight against COVID-19.



### Index methodology

The equity universe of the index is that of the Solactive GBS Global Markets Large & Mid Cap Index.

We include non-Chinese companies that are active in the FactSet Industries Airlines, Apparel & Footwear, Beverages: Alcoholic, Casinos & Gaming, Electronics & Appliances, Food Specialty & Candy, Hotels & Resorts & Cruiselines, Other Consumer Specialties, and Tobacco.

We only select companies with a revenue exposure to China (in percent of their total revenue) of at least 10% but less than 100%. The revenue filter was not applied on the tourism-based industry Hotels & Resorts & Cruiselines. We rank the remaining companies by their EBITDA margin and include the top half.



### Top index constituents

- > Swatch Group
- > Melco Resorts and Entertainment
- > Norwegian Cruise Line Holdings
- > Japan Airlines
- > Macau Legend Development
- > Accor



## SOLACTIVE EM HEALTHCARE INDEX

INVESTING IN COMPANIES FOCUSED ON EM HEALTHCARE



A continuous improvement of Emerging Markets' healthcare systems is needed for these countries to sustain their growth. Healthcare players in these countries could benefit from increasing pharma expenditures. The [Solactive EM Healthcare Index](#) tracks healthcare companies focused on EMs.



### Investment idea

Healthcare expenditures as a share of GDP are lower in Emerging Markets relative to their developed counterparts. For instance, according to the World Bank, China and India spent 5.3% and 3.5% of their gross domestic product on healthcare in 2018.

These numbers drag down the global share of healthcare spending to 9.8% of the world's GDP. An anticipated convergence led by countries like China and India may lead to an expected increase in global expenditures on healthcare products and services, whose providers will most likely benefit.

The Solactive EM Healthcare Index provides exposure to healthcare companies focused on EM nations.



### Index methodology

The equity universe of the index is that of the Solactive GBS Global Markets Large & Mid Cap Index.

We filter out companies that do not perceive at least 90 percent of their revenues out of Emerging Markets (as defined by the Solactive Country Classification Framework).

We only include companies whose FactSet Economy is Healthcare.



### Top index constituents

- > Jiangsu Hengrui Medicine
- > Chongqing Zhifei Biolog. Products
- > Aier Eye Hospital Group
- > Celltrion
- > Hansoh Pharmaceutical Group
- > China Evergrande New Energy Vehicle Group



## SOLACTIVE RCEP INDEX

### INVESTING IN BENEFICIARIES FROM THE RCEP



The Regional Comprehensive Economic Partnership is one of the major trade agreements achieved in recent history. This agreement may facilitate the flow of goods among signatories, benefitting them in the process. The [Solactive RCEP Index](#) tracks companies that are set to benefit most from the RCEP.



#### Investment idea

The Regional Comprehensive Economic Partnership (RCEP) is an agreement between 15 nations of the APAC region that collectively represent nearly a third of the world's total GDP.

As trade between signatories most likely increases due to reductions in tariffs and red tape, their economies are set to flourish by an even larger extent than what they could have grown otherwise. This represents a further tailwind to some of the fastest-growing markets worldwide.

The Solactive RCEP Index provides exposure to companies that are expected to benefit the most from an increasing degree of trade between RCEP signatory nations and their economic growth.



#### Index methodology

The equity universe of the index is that of the Solactive GBS Global Markets Large & Mid Cap Index.

We filter out companies not perceiving at least 1 percent of their revenues from 5 different markets of the Regional Comprehensive Economic Partnership. Additionally, companies that do not perceive at least half of their revenues from this set of markets are not eligible for inclusion in the index. Furthermore, only companies whose FactSet Economic Sector is considered relevant to the theme are kept in the index universe.

Out of the resulting universe, we select the top-50 companies with the highest degree of revenue diversification across RCEP signatory economies.



#### Top index constituents

- > Walsin Technology
- > Singapore Airlines
- > Phison Electronics
- > China Airlines
- > MediaTek
- > Kuala Lumpur Kepong



# SOLACTIVE ONE BELT ONE ROAD INDEX

## INVESTING IN BENEFICIARIES OF CHINA'S BELT AND ROAD INITIATIVE



The Belt and Road Initiative will improve infrastructure and most likely enhance regional connectivity and trade to a large extent. The [Solactive One Belt One Road Index](#) tracks companies set to gain most from a relatively large degree of revenue exposure to the Belt and Road Initiative's corridor economies.



### Investment idea

China is reviving the historic Silk Road and investors can benefit from the project's long-term exciting developments ahead.

Given the growing importance Belt and Road Initiative's corridor economies will have in shaping societies within the foreseeable future, companies that broadly service their markets should be at the center of investors' attention.

The Solactive One Belt One Road Index provides the opportunity to gain exposure to this set of companies. Investors can profit from exposure to some of the fastest-growing economies in the world.



### Index methodology

The equity universe of the index is that of the Solactive GBS Global Markets Large & Mid Cap Index.

We filter out companies not perceiving at least 1 percent of their revenues from 5 different markets composing the Belt and Road Initiative's 71 corridor economies, as defined by the World Bank. Additionally, companies that do not perceive at least half of their revenues from this set of markets are not eligible for inclusion in the index. Furthermore, only companies whose FactSet Economic Sector is considered relevant to the theme are kept in the index universe.

Out of the resulting universe, we select the top-50 companies with the highest degree of revenue diversification across the BRI's corridor economies.



### Top index constituents

- > Philip Morris
- > Singapore Airlines
- > Win Semiconductors
- > SUMCO
- > Samsung Engineering
- > Walsin Technology

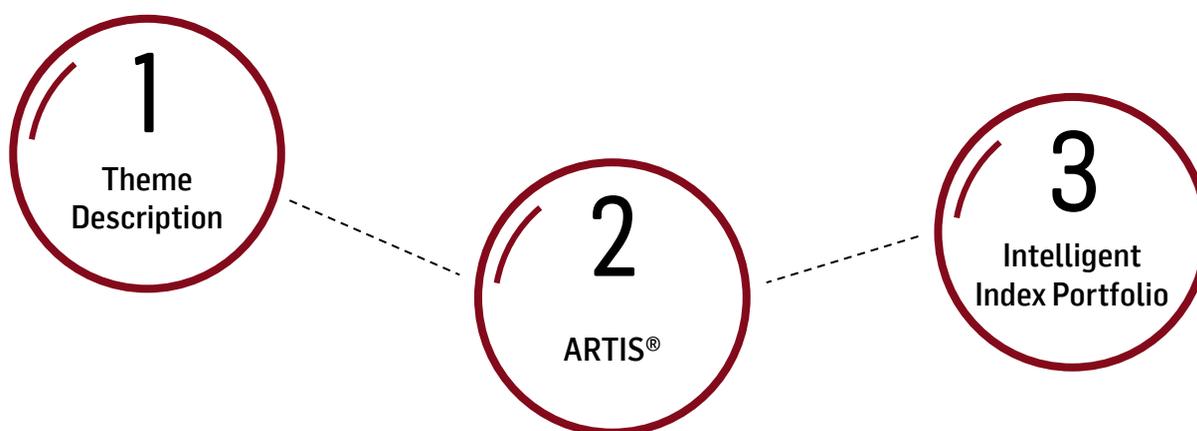


# ARTIS<sup>®</sup>

POWERED BY INNOVATION

Solactive's dedicated and skilled team of data scientists and developers work systematically on a new generation of index development engines, making use of the latest technological infrastructure to apply cutting edge machine learning and natural language processing to a huge amount of data. The result is **Solactive's Algorithmic Theme Identification System: ARTIS®**.

ARTIS® is Solactive's proprietary natural language processing software that identifies thematic exposures in companies by analyzing more than 500,000 text documents. It functions as a multi-dimensional classification tool that generates a deeper understanding of the products and services a company offers, especially when that company is active in multiple markets and offers various product lines. As such, we use ARTIS® to find companies that are relevant players in the respective theme and use that universe to create indices.



**The Three Pillars**



## Disclaimer

Solactive AG does not offer any explicit or implicit guarantee or assurance either with regard to the results of using an Index and/or the concepts presented in this paper or in any other respect. 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 an Index. This publication 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 any Index or the Index concept contained herein. The information in this document does not constitute tax, legal or investment advice and is not intended as a recommendation for buying or selling securities. The information and opinions contained in this document have been obtained from public sources believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate or complete and it should not be relied upon as such. Solactive AG and all other companies mentioned in this document will not be responsible for the consequences of reliance upon any opinion or statement contained herein or for any omission.

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