

Announcement

Methodology Change | ITI Funds Russia-focused USD Eurobond Index | Effective Date 05/03/2021

Today, on the 04/03/2021, Solactive announces the following changes to the methodology of the following index (the 'Affected Index'):

NAME	RIC	ISIN
ITI Funds Russia-focused USD Eurobond Index	.ITIEURBD	DE000SLA1Z29

Rationale for Methodology Change

The Index Committee has determined that to improve the investment quality of the index constituents, and to make related investment products more interesting to investors, a new rule will be added to the Affected Indices to select only Senior Debt and exclude bonds ranked as subordinated.

Changes to the Index Guideline

The following Methodology changes will be implemented in the following points of the Index Guideline (ordered in accordance with the numbering of the affected sections):

1. Index Specifications

OLD

[...]

The ITI Funds Russia-focused USD Eurobond Index is a rules-based, price weighted index engineered to mirror the performance of Russian sovereign and corporate Eurobonds. The index is comprised of USD denominated fixed rate bonds with a time to maturity of at least 18 months. The rating of a bond has to be at minimum one step lower than the Russia's sovereign rating.

[...]

NEW

[...]

The ITI Funds Russia-focused USD Eurobond Index is a rules-based, price weighted index engineered to mirror the performance of Russian sovereign and corporate Eurobonds. The index is comprised of USD denominated fixed rate bonds with a time to maturity of at least 18 months. The rating of a bond has to be at minimum one step lower than the Russia's sovereign rating and the bond has to be ranked as Senior debt.

[...]

4.1 Index-specific definitions

OLD

[...]

The "Selection Pool" comprises bonds that fulfill the following conditions:

- (a) USD (US-Dollar) denominated Eurobonds
- (b) Fixed Coupon Bonds
- (c) Amount Outstanding of at least USD 500 mln
- (d) Bullet bond, i.e. exclusion of bonds with embedded options or amortization features (e.g. Callables, Puttables, Convertibles Extendables, Sinkables)
- (e) Time to maturity of at least 18 months
- (f) Country of risk is Russia
- (g) S&P or Moody's issue minimum credit rating one step lower than Russia's sovereign rating; for the avoidance of doubt, if there is only a rating available by one of the two agencies, the rating needs to be at minimum one step lower than the sovereign rating of that agency, if there are two ratings available, one of them needs to be at minimum one step lower than the sovereign rating of the respective agency
- (h) A price must be available from a recognized bond price provider as determined by the Index Committee
- (i) One issue per corporate issuer. The issue should have the longest time to maturity. If two bonds have the same time to maturity, the bond with the higher amount outstanding is selected.

[...]

NEW

[...]

The "Selection Pool" comprises bonds that fulfill the following conditions:

- (a) USD (US-Dollar) denominated Eurobonds
- (b) Fixed Coupon Bonds
- (c) Senior Debt only, ie exclusion of bonds ranked as subordinated
- (d) Amount Outstanding of at least USD 500 mln
- (e) Bullet bond, i.e. exclusion of bonds with embedded options or amortization features (e.g. Callables, Puttables, Convertibles Extendables, Sinkables)
- (f) Time to maturity of at least 18 months
- (g) Country of risk is Russia

- (h) S&P or Moody's issue minimum credit rating one step lower than Russia's sovereign rating; for the avoidance of doubt, if there is only a rating available by one of the two agencies, the rating needs to be at minimum one step lower than the sovereign rating of that agency, if there are two ratings available, one of them needs to be at minimum one step lower than the sovereign rating of the respective agency
- (i) A price must be available from a recognized bond price provider as determined by the Index Committee
- (j) One issue per corporate issuer. The issue should have the longest time to maturity. If two bonds have the same time to maturity, the bond with the higher amount outstanding is selected.

[...]

Defined terms used in this announcement, but not defined herein, have the meaning assigned to them in the respective index guideline of the Affected Indices. The amended version of the index guideline will be available on the effective date.