

MARKET CONSULTATION-
SOLACTIVE GLOBAL
SUPERDIVIDEND™ REIT INDEX
& SOLACTIVE GLOBAL
SUPERDIVIDEND™ REIT INDEX
(PRICE)

19 March 2021



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'):

NAME	RIC	ISIN
Solactive Global SuperDividend™ REIT Index	.SRET	DE000SLA0VW3
Solactive Global SuperDividend™ REIT Index (Price)	.SRETP	DE000SLA0VY9

Rationale for Market Consultation

The Affected Indices tracks the price movements in shares of international companies with a high dividend yield. However, the current Index Methodology of Affected Indices is inadequate with regards to the quarterly review process of dividend cuts and therefore lacks in the appropriate reflection of the index objective.

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: 2.1 Selection of the Index Components

From (old version):

The initial composition of the Index as well as any ongoing adjustment is based on the following rules:
On the Selection Days, Solactive provides the Selection Pool.

To determine the initial composition, the companies in the Selection Pool are ranked in descending order according to their Dividend Yield. The 60 companies with the largest Dividend Yield advance to the Volatility Filter. Out of these 60 companies, the Volatility Filter selects the 30 companies with the lowest 90-day volatility. These 30 companies constitute the final index selection.

Once a quarter (five business days before the last trading day in April, July and October), the index components are screened for dividend cuts or an overall negative outlook concerning the companies' dividend policy. If any changes need to be implemented, the index will be adjusted at the close of the last trading day of the respective month. Companies may be excluded on these quarterly reviews and will be replaced with the top ranked company from the Selection Pool that is currently no index member. The company that is added to the index composition at the quarterly review dates will be given the same weight as the member that will be deleted, calculated as of the trading day before the



adjustment takes place. In case more than one company is deleted, the cumulative weight of these companies is calculated and equally distributed among the replacements.

To (new version):

The initial composition of the Index as well as any ongoing adjustment is based on the following rules: On the Selection Days, Solactive provides the Selection Pool.

To determine the initial composition, the companies in the Selection Pool are ranked in descending order according to their Dividend Yield. The 60 companies with the largest Dividend Yield advance to the Volatility Filter. Out of these 60 companies, the Volatility Filter selects the 30 companies with the lowest 90-day volatility. These 30 companies constitute the final index selection. In case several companies are ranked the same, which would lead to a total number of more than 30 companies, the one with the highest Dividend Yield will be selected until 30 companies are reached.

Once a quarter (five BUSINESS DAYS before the last BUSINESS DAY in April, July and October), the Index Components are screened for dividend cuts or an overall negative outlook concerning the companies' dividend policy ("Dividend Cut Review Day"). Quarterly reductions of the dividend payment from a value of 20% or higher will be taken into account and reviewed. If any changes need to be implemented, the index will be adjusted at the close of the last Business Day of the respective month (DIVIDEND CUT ADJUSTMENT DAY).

All Index Components with quarterly reductions of their dividend payment from a value of 20% or higher as well as all companies from the Top 60 of the Selection Pool that are no Index Component will be ranked by their INDICATED DIVIDEND YIELD.

The top ranked companies will be added to the remaining Index Components, which have no dividend cut or negative outlook (which group shall include companies with an anticipated dividend reduction of less than 20%) up to a total of 30 Index Components.

All companies from the Selection Pool, that are no current Index Component, have to meet criteria (a) to (d) outlined in section 4 Definitions - "Selection Pool" as of the Dividend Cut Review Day to be eligible for inclusion.

Companies that have been removed from the Index Composition will remain in the Top 60 of the Selection Pool and will be reviewed again on the next Dividend Cut Review Day.

2. Section: 4 Definitions

"Selection Pool"

From (old version):

"Selection Pool" in respect of a Selection Day are companies that fulfill the following criteria:



(a) Listing on a regulated stock exchange in the form of shares tradable for foreign investors without restrictions

[...]

To (new version):

"Selection Pool" in respect of a Selection Day are companies that fulfill the following criteria:

(a) Listing on a regulated stock exchange in the form of shares tradable for foreign investors without restrictions in the Developed Countries or Emerging Countries as determined by the Solactive Country Classification Framework, excluding exchanges in India, China and Argentina

[...]

"Business Day"

From (old version):

A "Business Day" is a day on which Stuttgart Stock Exchange is open for trading.

To (new version):

"Business Day" is every weekday from Monday to Friday.

"Adjustment Day"

From (old version):

"Adjustment Day" is the last Business Day in January.

To (new version):

"Adjustment Day" is the last Business Day in January. If the last Business Day in January is not a Trading Day, the rebalance is postponed to the next Trading Day.

"Selection Day"

From (old version):

"Selection Day" is the Business Day 5 Business Days before the Adjustment Day.

To (new version):

"Selection Day" is the Business Day 5 Business Days before the last Business Day in January.



The following Definition will be added.

"Indicated Dividend Yield"

"Indicated Dividend Yield" is calculated on the respective DIVIDEND CUT REVIEW DAY by taking the annualized most recent ordinary dividend payment and dividing this amount by the close price on the respective DIVIDEND CUT REVIEW DAY.

"Rebalance Period"

"Rebalance Period" is the period starting from (and including) the ADJUSTMENT DAY/DIVIDEND CUT ADJUSTMENT DAY until and (including) the immediately following 4 Trading Days.



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 SuperDividend™ REIT Index & Solactive Global SuperDividend™ REIT Index (Price) and welcomes any feedback on how this may affect and/or improve their use of Solactive indices.

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Consultation Procedure

Market Consultation- Solactive Global SuperDividend™ REIT Index & SOLACTIVE GLOBAL SUPERDIVIDEND™ REIT INDEX (Price)



Stakeholders and third parties who are interested in participating in this Market Consultation, are invited to respond until 02/04/2021(cob).

Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on 16/04/2021.

Please send your feedback via email to compliance@solactive.com, specifying "Market Consultation- Solactive Global SuperDividend™ REIT Index" as the subject of the email, or

via postal mail to: Solactive AG
Platz der Einheit 1
60327 Frankfurt am Main
Germany

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

CONTACT

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