

MARKET CONSULTATION
SOLACTIVE OFI BASKET
PRECIOUS METALS STRATEGY
INDEX – CHANGE OF TARGET
WEIGHTS

29 January 2024

Content of the Market Consultation

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

NAME	RIC	ISIN
Solactive OFI Basket Precious Metals Strategy Index	.SOOFBPMS	DE000SLA9TP2

Rationale for the Market Consultation

We want to switch the target weights of Palladium and SOFR futures. Reasoning of the change is:

The Palladium market environment has deeply changed in the past months and the palladium market is less and less considered as a precious metal.

The palladium is considered a precious metal, because it is rare and used in jewelry. But its use in jewelry is less and less important. Today, the main palladium use by far is for an industrial use, which is to produce catalytic converter. As such, it is more and more aligned with industrial metals and less and less in line with precious metals performance. For example, the correlation between gold and palladium is down to 20% at the end of 2023, on 52 weeks period.

What's more, as palladium is mainly used to make catalytic converter (more than 80% of all of the palladium is used for this industrial purpose), the future of this metal is less and less obvious: the shift from ICE (internal combustion engine) vehicle to electric vehicle will make it less and less useful, making it less and less representative.

However given palladium is still considered a precious metal and still used in small quantities for jewelry, we want to keep a small exposure to palladium.

We also want to implement a 30 day period where the weights are adjusted by 0.5% for SOFR and Palladium futures to ensure the tradability of the index.

Proposed Changes to the Index Guideline

The following Methodology changes are proposed in the following points of the Index Guideline:

Old:

1.1 Scope of the index

The index is aimed at replicating the performance of a precious metals basket, including gold, silver, platinum and palladium. Weights are 35% for gold and 20% for each of the other precious metals. The basket is also exposed to the SOFR 3M future contract with 5% weight.

5.1 Index Components

i	Name	Base identifier	Weight Allocation	Conversion Factor
1	Gold Futures	GC	35%	1
2	Silver Futures	SI	20%	1
3	Platinum Futures	PL	20%	1
4	Palladium Futures	PA	20%	1
5 ¹	Eurodollar Futures	ED	5%	400
5 ²	SOFR Futures	SRA	5%	1

New:

1.1 Scope of the index

The index is aimed at replicating the performance of a precious metals basket, including gold, silver, platinum and palladium. Weights are 35% for gold and 20% for silver and platinum. The basket is also exposed to the SOFR 3M future contract with 20% weight and to palladium with 5%.

5.1 Index Components

i	Name	Base identifier	Weight Allocation	Conversion Factor
1	Gold Futures	GC	35%	1
2	Silver Futures	SI	20%	1
3	Platinum Futures	PL	20%	1
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5 ¹	Eurodollar Futures	ED	5%	400
5 ²	SOFR Futures	SRA	20%	1

5.3 Palladium weight Adjustment

¹ Eurodollar Futures have been used in the INDEX up to and including 14th March 2022.

² SOFR Futures have been used in the INDEX from and including 15th March 2022

The change of weights of Palladium and SOFR futures was implemented over a 30 day period with increases/decreases of 0.5% per day, starting on xx/xx/2024 and ending on xx/xx/2024.

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 OFI Basket Precious Metals Strategy Index and welcomes any feedback on how this may affect and/or improve their use of Solactive indices.



Consultation Procedure

Stakeholders and third parties who are interested in participating in this Market Consultation, are invited to respond until 12/02/2024.

[Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on 01/03/2024.

Please send your feedback via email to marketconsultation@solactive.com, specifying "Market Consultation Solactive OFI Basket Precious Metals Strategy Index – Change of target weights" as the subject of the email, or

via postal mail to: Solactive AG
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Germany

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

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