

# INDEX GUIDELINE

SOLACTIVE US DIVIDEND SELECT HEDGED TO CAD INDEX

Version 1.1

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## INTRODUCTION

This document (the "**GUIDELINE**") is to be used as a guideline with regard to the composition, calculation and maintenance of the SOLACTIVE US DIVIDEND EQUITY SELECT INDEX HEDGED TO CAD INDEX (the "**INDEX**"). Any amendments to the rules made to the GUIDELINE are approved by the INDEX COMMITTEE specified in Section 5.5. The INDEX is owned, calculated, administered and published by Solactive AG ("**SOLACTIVE**") assuming the role as administrator (the "**INDEX ADMINISTRATOR**") under the Regulation (EU) 2016/1011 (the "**BENCHMARK REGULATION**" or "**BMR**"). The name "Solactive" is trademarked.

*The text uses defined terms which are formatted with "SMALL CAPS". Such Terms shall have the meaning assigned to them as specified in Section 6 (Definitions).*

The GUIDELINE and the policies and methodology documents referenced herein contain the underlying principles and rules regarding the structure and operation of the INDEX. SOLACTIVE does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the INDEX nor the level of the INDEX at any certain point in time nor in any other respect. SOLACTIVE strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for SOLACTIVE – irrespective of possible obligations to issuers – to advise third parties, including investors and/or financial intermediaries, of any errors in the INDEX. The publication of the INDEX by SOLACTIVE does not constitute a recommendation for capital investment and does not contain any assurance or opinion of SOLACTIVE regarding a possible investment in a financial instrument based on this INDEX.

# 1. INDEX SPECIFICATIONS

## 1.1. SCOPE OF THE INDEX

Category	Description
Asset Class	Equity
Underlying Index	Solactive US Dividend Equity Select CAD Index PR ISIN: DE000SLONP91 Solactive US Dividend Equity Select CAD Index NTR ISIN: DE000SLONQA3 Solactive US Dividend Equity Select CAD Index GTR ISIN: DE000SLONQB1
Strategy	The index tracks the performance of the Underlying Index and hedges the currency exposure to a home currency on a monthly basis via FX forward contracts
Home Currency	CAD
Currency Hedge type	Standard
Rebalancing Frequency	Monthly
Forward rates maturity	1M*

\*1M means that the reference contract maturity is One Month.

## 1.2. IDENTIFIERS AND PUBLICATION

The INDEX is published under the following identifiers:

Name	ISIN	Currency	Type	RIC	BBG ticker	Underlying Index
Solactive US Dividend Equity Select Index Hedged to CAD Index PR	DE000SLONQC9	CAD	CH*	.SSUDCPR		.SSUDICPR
Solactive US Dividend Equity Select Index Hedged to CAD Index NTR	DE000SLONQD7	CAD	CH*	.SSUDCNR		.SSUDICNR
Solactive US Dividend Equity Select Index Hedged to CAD Index GTR	DE000SLONQE5	CAD	CH*	.SSUDCTR	SSUDCTR Index	.SSUDICTR

\*CH means that the Index is calculated as currency Hedge Index as described in the Currency Hedge Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/currency-hedge-general-methodology>

The INDEX is published on the website of the INDEX ADMINISTRATOR ([www.solactive.com](http://www.solactive.com)) and is, in addition, available via the price marketing services of Boerse Stuttgart GmbH and may be distributed to all of its

affiliated vendors. Each vendor decides on an individual basis as to whether it will distribute or display the INDEX via its information systems.

Any publication in relation to the INDEX (e.g. notices, amendments to the GUIDELINE) will be available at the website of the INDEX ADMINISTRATOR: <https://www.solactive.com/news/announcements/>.

### 1.3. INITIAL LEVEL OF THE INDEX

The initial level of the INDEX on the 31/12/2018, the START DATE, is 1000. Historical values from the 05/12/2024, the LIVE DATE, will be recorded in accordance with Article 8 of the BMR. Levels of the INDEX published for a period prior to the LIVE DATE have been back-tested.

### 1.4. PRICES AND CALCULATION FREQUENCY

The level of the INDEX is calculated on each CALCULATION DAY FROM 09:30 AM TO 16:55 P.M. EST based on the TRADING PRICES on the EXCHANGES on which the INDEX COMPONENTS are listed. TRADING PRICES of INDEX COMPONENTS not listed in the INDEX CURRENCY are converted using the current Reuters spot foreign exchange rate. Should there be no current TRADING PRICE for an INDEX COMPONENT, the later of: (i) the most recent CLOSING PRICE; or (ii) the last available TRADING PRICE for the preceding TRADING DAY is used in the calculation.

In addition to the intraday calculation a closing level of the INDEX for each CALCULATION DAY is also calculated. This closing level is based on the CLOSING PRICES for the UNDERLYING INDEX and 4pm London time WM Spot and Forward Fixings quoted by Refinitiv. If there is no 4pm London time WM Fixing for the relevant CALCULATION DAY, the last available 4pm London time WM Fixing will be used for the closing level calculation.

### 1.5. LICENSING

Licenses to use the INDEX as the underlying value for financial instruments, investment funds and financial contracts may be issued to stock exchanges, banks, financial services providers and investment houses by Solactive.

## 2. INDEX SELECTION

In a first step, the INDEX ADMINISTRATOR determines the SELECTION DAY in accordance with Section 2.1. The INDEX CURRENCY UNIVERSE comprises all those currencies, on which the UNDERLYING INDEX COMPONENTS are quoted in.

Each new INDEX CURRENCY COMPONENT will be assigned a weight as described in Section 2.3.

### 2.1. SELECTION OF THE INDEX CURRENCY COMPONENTS

Based on the INDEX UNIVERSE, the initial composition of the INDEX as well as any selection for an ordinary rebalance is determined on the SELECTION DAY in accordance with the following rules (the “**INDEX CURRENCY COMPONENT REQUIREMENTS**”):

- All of the currencies from the INDEX CURRENCY UNIVERSE

The selection of the INDEX COMPONENTS is fully rule-based and the INDEX ADMINISTRATOR cannot make any discretionary decision.

### 2.2. WEIGHTING OF THE INDEX CURRENCY COMPONENTS

On each SELECTION DAY, each CURRENCY WEIGHT is assigned according to the aggregated weights of all the UNDERLYING INDEX COMPONENTS quoted in the respective CURRENCY.

## 3. REBALANCE

### 3.1. ORDINARY REBALANCE

In order to reflect the new selection of the INDEX CURRENCY COMPONENTS determined on the SELECTION DAY (in accordance with Section 2.1 and 2.2) the INDEX is adjusted on the REBALANCE DAY after CLOSE OF BUSINESS.

For more information on the rebalance procedure please refer to the Currency Hedge Index Methodology, which is incorporated by reference and available on the Solactive website: <https://www.solactive.com/documents/currency-hedge-general-methodology/>.

### 3.2. EXTRAORDINARY REBALANCE

The INDEX is not rebalanced extraordinarily.

## 4. CALCULATION OF THE INDEX

### 4.1. INDEX FORMULA

The INDEX is calculated as a currency hedge standard index.

The index value on a TRADING DAY at the relevant time is calculated in accordance with the following formula:

$$HI_t = HI_{RT} \cdot \left( 1 + \left( \frac{UI_t}{UI_{RT}} - 1 \right) + HIM_t \right)$$

with:

$HI_t$  Hedged index on TRADING DAY  $t$

$HI_{RT}$  Hedged index on REBALANCE DAY  $RT$  immediately preceding TRADING DAY  $t$

$UI_t$  UNDERLYING INDEX on TRADING DAY  $t$

$UI_{RT}$  UNDERLYING INDEX on REBALANCE DAY  $RT$  immediately preceding TRADING DAY  $t$

$HIM_t$  Hedge impact on TRADING DAY  $t$ , calculated according to the following formula:

$$HIM_t = AF_{RT} \cdot \sum_{i=1}^n w_{i,ST} \cdot S_{i,ST}^m \cdot \left( \frac{1}{F_{i,RT}^m} - \frac{1}{IF_{i,t}^m} \right)$$

with:

$AF_{RT}$  Adjustment factor on TRADING DAY  $t$ , calculated according to the following formula:

$$AF_{RT} = \frac{HI_{ST}}{HI_{RT}}$$

with:

$HI_{ST}$  Hedged index on the SELECTION DAY  $ST$  immediately preceding TRADING DAY  $t$

$n$  Number of different currencies in the unhedged Index (without considering the currency in which the index is calculated)

$w_{i,ST}$  Weight of currency  $i$  on SELECTION DAY  $ST$

$S_{i,ST}^m$  Mid spot of currency  $i$  on SELECTION DAY  $ST$



$F_{i,RT}^m$	MID FORWARD RATE of currency $i$ on REBALANCE DAY $RT$
$IF_{i,t}^m$	Interpolated forward on TRADING DAY $t$ which is calculated as follows:

$$IF_{i,t}^m = S_{i,t}^m + (F_{i,t}^m - S_{i,t}^m) \cdot \frac{D - d}{D}$$

with:

$S_{i,t}^m$	Mid spot of currency $i$ on Trading Day $t$
$F_{i,t}^m$	MID FORWARD RATE of currency $i$ on Trading Day $t$
$D$	Number of calendar days between the last and the next REBALANCE DAY $RT$
$d$	Number of calendar days between the last REBALANCE DAY $RT$ and TRADING DAY $t$

As the INDEX seeks to hedge the U.S. dollar currency exposure of the UNDERLYING INDEX by using a monthly rebalancing, some currency exposure resulting from changes in the level of the UNDERLYING INDEX may not be fully hedged. As such, the performance of the INDEX may deviate from the performance of the Solactive US Dividend Select Index Hedged to CAD (ISIN PR: DE000SLONQC9, ISIN NTR: DE000SLONQD7, ISIN TR: DE000SLONQE5). Furthermore, any difference between the Canadian dollar and the U.S. dollar interest rates will impact the currency hedging effectiveness.

## 4.2. ACCURACY

The level of the INDEX will be rounded to 2 decimal places.

## 4.3. RECALCULATION

SOLACTIVE makes the greatest possible efforts to accurately calculate and maintain its indices. However, errors in the determination process may occur from time to time for variety reasons (internal or external) and therefore, cannot be completely ruled out. SOLACTIVE endeavors to correct all errors that have been identified within a reasonable period of time. The understanding of "a reasonable period of time" as well as the general measures to be taken are generally depending on the underlying and is specified in the Solactive Correction Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/correction-policy/>.

#### 4.4. MARKET DISRUPTION

In periods of market stress SOLACTIVE calculates its indices following predefined and exhaustive arrangements as described in the Solactive Disruption Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/disruption-policy/>. Such market stress can arise due to a variety of reasons, but generally results in inaccurate or delayed prices for one or more INDEX COMPONENTS. The determination of the INDEX may be limited or impaired at times of illiquid or fragmented markets and market stress.

## 5. MISCELLANEOUS

### 5.1. DISCRETION

Any discretion which may need to be exercised in relation to the determination of the INDEX (for example the determination of the INDEX UNIVERSE (if applicable), the selection of the INDEX COMPONENTS (if applicable) or any other relevant decisions in relation to the INDEX) shall be made in accordance with strict rules regarding the exercise of discretion or expert judgement.

### 5.2. METHODOLOGY REVIEW

The methodology of the INDEX is subject to regular review, at least annually. In case a need of a change of the methodology has been identified within such review (e.g. if the underlying market or economic reality has changed since the launch of the INDEX, i.e. if the present methodology is based on obsolete assumptions and factors and no longer reflects the reality as accurately, reliably and appropriately as before), such change will be made in accordance with the Solactive Methodology Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/methodology-policy/>.

Such change in the methodology will be announced on the SOLACTIVE website under the Section "[Announcement](https://www.solactive.com/news/announcements/)", which is available at <https://www.solactive.com/news/announcements/>. The date of the last amendment of this INDEX is contained in this GUIDELINE.

### 5.3. CHANGES IN CALCULATION METHOD

The application by the INDEX ADMINISTRATOR of the method described in this document is final and binding. The INDEX ADMINISTRATOR shall apply the method described above for the composition and calculation of the INDEX. However, it cannot be excluded that the market environment, supervisory, legal and financial or tax reasons may require changes to be made to this method. The INDEX ADMINISTRATOR may also make changes to the terms and conditions of the INDEX and the method applied to calculate the INDEX that it deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. The INDEX ADMINISTRATOR is not obliged to provide information on any such modifications or changes. Despite the modifications and changes, the INDEX ADMINISTRATOR will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.

## 5.4. TERMINATION

SOLACTIVE makes the greatest possible efforts to ensure the resilience and continued integrity of its indices over time. Where necessary, SOLACTIVE follows a clearly defined and transparent procedure to adapt Index methodologies to changing underlying markets (see Section 5.2 "Methodology Review") in order to maintain continued reliability and comparability of the indices. Nevertheless, if no other options are available the orderly cessation of the INDEX may be indicated. This is usually the case when the underlying market or economic reality, which an index is set to measure or to reflect, changes substantially and in a way not foreseeable at the time of inception of the index, the index rules, and particularly the selection criteria, can no longer be applied coherently or the index is no longer used as the underlying value for financial instruments, investment funds and financial contracts.

SOLACTIVE has established and maintains clear guidelines on how to identify situations in which the cessation of an index is unavoidable, how stakeholders are to be informed and consulted and the procedures to be followed for a termination or the transition to an alternative index. Details are specified in the Solactive Termination Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/termination-policy/>.

## 5.5. INDEX COMMITTEE

An index committee composed of staff from SOLACTIVE and its subsidiaries (the "**INDEX COMMITTEE**") is responsible for decisions regarding any amendments to the rules of the INDEX. Any such amendment, which may result in an amendment of the GUIDELINE, must be submitted to the INDEX COMMITTEE for prior approval and will be made in compliance with the Methodology Policy, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/methodology-policy/>.

## 6. DEFINITIONS

**“BENCHMARK REGULATION”** shall have the meaning as defined in Section “Introduction”.

**“BMR”** shall have the meaning as defined in Section “Introduction”.

**“BUSINESS DAY”** a day on which the UNDERLYING INDEX quotes. For clarify, a day on which the UNDERLYING INDEX does not quote is not considered as a “BUSINESS DAY”.

**“CALCULATION DAY”** is any day which is a “BUSINESS DAY”. Any day on which the New York Stock Exchange (NYSE) and the NASDAQ Stock Market (NASDAQ) are not open for general business is not a “CALCULATION DAY”. Additionally, any day on which commercial banks and foreign exchange markets settle payments are not open for general business in Toronto is not a “CALCULATION DAY”

**“CLOSE OF BUSINESS”** is the calculation time of the closing level of the INDEX as outlined in Section 1.4.

The **“CLOSING PRICE”** in respect of an INDEX COMPONENT and a TRADING DAY is a security's final regular-hours TRADING PRICE published by the EXCHANGE and determined in accordance with the EXCHANGE regulations. If the EXCHANGE has no or has not published a CLOSING PRICE in accordance with the EXCHANGE rules for an INDEX COMPONENT, the last TRADING PRICE will be used.

**“EXCHANGE”** is with respect to the INDEX and every INDEX COMPONENT, the respective exchange where the INDEX COMPONENT has its listing as determined in accordance with the rules in Section 2.

**“GUIDELINE”** shall have the meaning as defined in Section “Introduction”.

**“INDEX”** shall have the meaning as defined in Section “Introduction”.

**“INDEX ADMINISTRATOR”** shall have the meaning as defined in Section “Introduction”.

**“INDEX COMMITTEE”** shall have the meaning as defined in Section 5.5.

**“INDEX CURRENCY”** is the currency specified in the column “Currency” in the table in Section 1.2.

**“INDEX CURRENCY UNIVERSE REQUIREMENTS”** shall have the meaning as defined in Section 2.1.

**“INDEX CURRENCY UNIVERSE”** is the sum of all currencies which fulfill the INDEX CURRENCY UNIVERSE REQUIREMENTS.

**“LIVE DATE”** shall have the meaning as defined in Section 1.3.

**“REBALANCE DAY”** is the last BUSINESS DAY of each month.

**“SELECTION DAY”** is the business day immediately preceding the next REBALANCE DAY

**“SOLACTIVE”** shall have the meaning as defined in Section “Introduction”.

**“START DATE”** shall have the meaning as defined in Section 1.3.

**“TRADING DAY”** is with respect to an INDEX COMPONENT included in the INDEX at the REBALANCE DAY and every INDEX COMPONENT included in the INDEX at the CALCULATION DAY immediately following the REBALANCE DAY (for clarification: this provision is intended to capture the TRADING DAYS for the securities to be included in the

INDEX as new INDEX COMPONENTS with close of trading on the relevant EXCHANGE on the REBALANCE DAY) a day on which the relevant EXCHANGE is open for trading (or a day that would have been such a day if a market disruption had not occurred), excluding days on which trading may be ceased prior to the scheduled EXCHANGE closing time and days on which the EXCHANGE is open for a scheduled shortened period. The INDEX ADMINISTRATOR is ultimately responsible as to whether a certain day is a TRADING DAY.

The **"TRADING PRICE"** in respect of an INDEX COMPONENT and a TRADING DAY is the most recent published price at which the INDEX COMPONENT was traded on the respective EXCHANGE.

**"UNDERLYING INDEX COMPONENT"** is each security reflected in the UNDERLYING INDEX.

## 7. HISTORY OF INDEX CHANGES

Version	Date	Description
1	05-Dec-24	Index Guideline creation ( <i>initial version</i> )
1.1	29-Jan-25	References to “Oversight Committee” have been changed to the “Index Committee”

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