

INDEX GUIDELINE

Solactive USD Fallen Angel Issuer Capped Index

Version 1.1

26 March 2024



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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 USD Fallen Angel Issuer Capped Index (the “INDEX”). Any amendments to the rules made to the GUIDELINE are approved by the OVERSIGHT COMMITTEE as specified in the Bond Index Methodology. 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 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 of financial instruments or investment funds referencing the INDEX under a valid license – 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

The INDEX aims to track the performance of bonds that recently have been downgraded into the upper periphery of the high yield market (rating between BB+ and BB-).

The index includes liquid bonds with a time to maturity of at least one year. Only USD denominated bonds are eligible for the index. To limit concentration in larger ISSUERS a weight cap of 8% per ISSUER has been implemented.

1.2. IDENTIFIERS AND PUBLICATION

The INDEX is published under the following identifiers:

Name	ISIN	Currency	Type	Calculation Formula*	RIC	BBG ticker
Solactive USD Fallen Angel Issuer Capped Index	DE000SLOBSA4	USD	TR	Periodic	.SOLFAUSC	SOLFAUSC Index

*TR means that the INDEX is calculated as Total Return index as described in the Bond Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>

*The calculation formula refers to the index calculation's dependency on cash reinvestment, based on whether the cash reinvestment occurs on a daily/direct basis or periodically.

The INDEX is published on the website of the INDEX ADMINISTRATOR (www.solactive.com) and is, in addition, available via the price marketing services of Börse 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 23rd March 2021 is 1000. Levels of the INDEX published for a period prior to this date have been back-tested. Historical values from the 23rd March 2021 will be recorded in accordance with Article 8 of the BMR.

1.4. PRICES AND CALCULATION FREQUENCY

The INDEX is calculated and distributed once every BUSINESS DAY based on the LAST EVALUATED BID PRICE of the INDEX COMPONENTS. Bonds added in a rebalancing (see Section 3) are included the INDEX at LAST EVALUATED ASK PRICE on the relevant REBALANCE DAY. Bonds which are excluded from the INDEX in a rebalance are reflected in the calculation of the level of the INDEX for the REBALANCE DAY at the LAST EVALUATED BID PRICE on the relevant REBALANCE DAY. INDEX analytical values are calculated each BUSINESS DAY using the LAST EVALUATED BID PRICE based on FIXING TIME. Prices of INDEX COMPONENTS not listed in the INDEX CURRENCY are converted using the 4:00 PM London Fixing quoted by Reuters.

2. INDEX SELECTION

On each SELECTION DAY, all bonds which meet the INDEX COMPONENT REQUIREMENTS are eligible for inclusion in the INDEX and will be added as INDEX COMPONENT on the REBALANCE DAY. Additionally, on each SELECTION DAY, it will be evaluated whether all current INDEX COMPONENTS still meet the INDEX COMPONENT REQUIREMENTS. Each INDEX COMPONENT that does not meet the INDEX COMPONENT REQUIREMENTS will be removed from the INDEX on the next REBALANCE DAY.

2.1. SELECTION OF THE INDEX COMPONENTS

The initial composition of each INDEX, as well as any selection for a rebalance (as specified in Section 3) is determined using the following rules:

- A price from the PRICING PROVIDER must be available for each INDEX COMPONENTS on each SELECTION DAY.
- INDEX COMPONENTS must be issued before the SELECTION DAY to be eligible for the INDEX.
- INDEX COMPONENTS must be either included in the Solactive USD Investment Grade Index or the Solactive USD High Yield Index.
- INDEX COMPONENTS must be denominated in USD.



- INDEX COMPONENTS must have a time to maturity of more than 1 year.
- INDEX COMPONENTS must have a minimum amount outstanding of at least USD 400 million.
- INDEX COMPONENTS must be rated by either Moody's Investors Service or S&P Global Rating.
- INDEX COMPONENTS must be rated BBB- or worse but better than B+ for Moody's Investor Service ratings, the equivalent scale levels apply.
- INDEX COMPONENTS must have been downgraded from Investment Grade to the High Yield Segment within the last 5 years.
- INDEX COMPONENTS rated as Investment Grade are only eligible for the index if they have been upgraded to the Investment Grade segment within the last three months.
- If more than 20 bonds would enter the index at any REBALANCE DAY only the 20 largest bonds by amount outstanding are chosen. If two bonds have the same amount outstanding the bond with the more recent issue date is chosen.
- PRIVATE PLACEMENTS are not eligible.
- If more than 50 ISSUERS should be included in the index, only the largest ISSUERS according to aggregated market value are eligible.

(the "INDEX COMPONENT REQUIREMENTS")]

The determination of the INDEX COMPONENTS is fully rule-based and the INDEX ADMINISTRATOR has no discretion.

2.2. WEIGHTING OF THE INDEX COMPONENTS

On each SELECTION DAY each INDEX COMPONENT is weighted using the market value based on the LAST EVALUATED BID PRICE and accrued interest as on the SELECTION DAY in order to achieve the aim of the INDEX. The weighting of the INDEX COMPONENTS will be as follows:

In case any issuer receives an aggregated weight of more than 8% in the index, its weight will be capped at 8%, the excess weight will be distributed proportionally on all other issuers. If this leads to another issuer receiving an aggregated weight of more than 8% the process is repeated until no issuer receives a weight of more than 8%.

3. ORDINARY REBALANCE

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

For more information on the rebalance procedure please refer to the Bond Index Methodology, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>.



SOLACTIVE will publish any changes made to the INDEX COMPONENTS with sufficient notice before the REBALANCE DAY on the SOLACTIVE webpage.

4. CORPORATE ACTIONS

As part of the INDEX maintenance SOLACTIVE will consider various events – also referred to as corporate actions – which result in an adjustment to the INDEX between two regular REBALANCE DAYS. Such events have a material impact on the price, weighting or overall integrity of INDEX COMPONENTS. Therefore, they need to be accounted for in the calculation of the INDEX. Adjustments to the INDEX to account for corporate actions will be made in compliance with the Bond Index Methodology.

5. DEFINITIONS

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

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

“**BUSINESS DAY**” is with respect to the INDEX each day Monday to Friday except holidays as defined by the New York Stock Exchange (NYSE) and SIFMA.

“**CLOSE OF BUSINESS**” is a time stamp when an INDEX is calculated.

“**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.

“**CURRENCY HEDGE INDEX**” represent the return resulting from the sum of an underlying index performance and the performance of the hedge of this index using currency forward contracts.

“**FIXED COUPON BONDS**” are bonds with a coupon rate that is fixed throughout their life, as opposed to bonds with floating, or variable coupons.

“**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 CALCULATOR**” is SOLACTIVE or any other appropriately appointed successor in this function.

“**INDEX COMPONENT**” is each bond reflected in the INDEX.

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

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

“**ISSUER**” is the issuing entity of the respective bond.

“**LAST EVALUATED ASK PRICE**” the last available evaluated ask price by the designated PRICING PROVIDER.

“**LAST EVALUATED BID PRICE**” the last available evaluated bid price by the designated PRICING PROVIDER.



“**OVERSIGHT COMMITTEE**” shall have the meaning as defined in the Bond Index Methodology.

“**PRICING PROVIDER**” is available under <https://www.solactive.com/documents/bond-pricing-provider/>.

“**PRIVATE PLACEMENT**” A private placement involves the sale of securities to a relatively small number of select investors. Investors targeted include wealthy accredited investors, large banks, mutual funds, insurance companies and pension funds.

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

“**SELECTION DAY**” is 3 BUSINESS DAYS before the scheduled REBALANCE DAY, disregarding any potential change of the REBALANCE DAY

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

“**TIME TO MATURITY**” is measured from the REBALANCE DAY.

“**TRADING PRICES**” 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 COMPONENTS**” is each security reflected in the composition of the UNDERLYING INDEX.

Please note that the definitions included in the Bond Index Methodology apply to this guideline. In case of a discrepancy, the definition presented in the guidelines should prevail.

6. HISTORY OF INDEX CHANGES

Version	Date	Description
1.1	26 March 2024	Format Update
1.0	25 March 2021	Index Guideline creation (<i>initial version</i>)

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