

INDEX GUIDELINE

Solactive USD China Corporate High Yield Bond Index

Version 2.0

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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 China Corporate High Yield Bond 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 tracks the outstanding Chinese corporate debt denominated in USD in the fixed income market. The INDEX is rebalanced on a semi-annual basis. The index is a Total Return Index, coupon and other cash payments will be reinvested in the index on each rebalancing day.

1.2. IDENTIFIERS AND PUBLICATION

The INDEX is published under the following identifiers:

Name	ISIN	Currency	Type	Calculation Formula*	RIC	BBG ticker
Solactive USD China Corporate High Yield Bond Index	DE000SLA4AU3	USD	TR	Periodic	.SOLCNHYC	SOLCNHYC

*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.

*TR means that the INDEX is calculated as a 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 INDEX is published on the website of the INDEX ADMINISTRATOR (www.solactive.com) and is, in addition, available via the price marketing services of Boerse Stuttgart AG 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 31st of January 2014 is 1000. Levels of the INDEX published for a period prior to this date have been back-tested. Historical values from the 31st of January 2014 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 EVALUATED BID PRICE of the INDEX COMPONENTS. Bonds added in a rebalancing (see Section 3) are included the INDEX at the 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 EVALUATED BID PRICE on the relevant REBALANCE DAY. INDEX analytical values are calculated each BUSINESS DAY using the LAST EVALUATED PRICE based on FIXING TIME.

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:

- Only includes bonds issued by corporate debt issues. For the avoidance of doubt this excludes any issuer fall under the category 1 classification based on the issuer type, as outlined in the Bond Index Methodology, accessible on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>
- Country of Risk of the issuer is the People's Republic of China (CN) or Hong Kong (HK).
- The issuer has outstanding debt of at least USD 1 bn.
- The issue is denominated in US Dollar (USD).
- The issue has an amount outstanding of at least USD 300 mil.



- The instrument has been in the market for at least 40 calendar days, i.e. the issue date is at least 40 calendar days before the adjustment day.
- Fixed coupon instrument includes Pay-in-kind (PIK) securities, Step-up-coupon instruments are eligible. Fixed-to-float and Fixed-to-variable securities are eligible for inclusion given that they are at least one year from their conversion date.
- Remaining Time to Maturity (TTM) is between 2 and 5 years (measured from the rebalancing day) or the issue is a perpetual.
- If several tranches are available, Private Placement (144A) are preferred over the remaining ones.
- The issue is eligible if:
 - Not rated by both, Fitch Ratings (Fitch) and Moody's
 - Or at least one rating that is equal to or lower than BBB- / Baa3 (Fitch/ Moody's). For the avoidance of doubt, if two ratings are available, the lower one is decisive.
- The instrument is neither defaulted nor trading flat.
- Per issuer, from the pool of eligible instruments, the instrument with the highest Yield to Maturity (YTM) is selected, given that its YTM is higher than 110% of the YTM of the current index component. Otherwise, the current index component is selected. Should two or more instruments of the same issuer have the same YTM, the one with the highest amount outstanding is selected.

(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:

The Index Components are weighted according to their market value. A 40% sector cap is applied. Should a single sector breach the limit of 40%, the exceeding weight will be proportionally distributed among the remaining ones. The capping will be applied on each ordinary rebalancing. Weights may breach this limit between rebalancing dates due to price fluctuations. After the sector cap has been applied a 5% issuer cap is applied. Should a single issuer breach the limit of 5%, the exceeding weight will be proportionally distributed among the remaining ones. The capping will be applied on each ordinary rebalancing. Weights may breach this limit between rebalancing dates due to price fluctuations.



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 the holidays specified by the New York Stock Exchange (NYSE) and by the Securities Industry and Financial Markets Association (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.

“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.

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



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

“PRICING PROVIDER” is ICE.

“REBALANCE DAY” is the last Business Day of June and December.

“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”.

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
2.0	27 March 2024	Format Update
1.4	3 May 2019	
1.3	2 February 2018	Sector cap of 40% is added
1.2	25 September 2017	Index identifiers and index name are updated
1.1	4 September 2017	Index Guideline creation (initial version)

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