

INDEX GUIDELINE

SCOTIABANK CANADA TOP 30 LARGE CAP DIVIDEND INDEX

Version 1.0

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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 Scotiabank Canada Top 30 Large Cap Dividend 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 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
Strategy	Representation of diversified portfolio of high-quality dividend-paying stocks
Regional Allocation	Canada
Rebalancing Fee	-
Rebalancing Frequency	Quarterly

1.2. IDENTIFIERS AND PUBLICATION

The INDEX is published under the following identifiers:

Name	ISIN	Currency	Type	RIC	BBG ticker
Scotiabank Canada Top 30 Large Cap Dividend Index PR	DE000SL0L4D6	CAD	PR	.SCA30LDP	SCA30LDP
Scotiabank Canada Top 30 Large Cap Dividend Index NTR	DE000SL0L4E4	CAD	NTR	.SCA30LDN	SCA30LDN
Scotiabank Canada Top 30 Large Cap Dividend Index TR	DE000SL0L4G9	CAD	GTR	.SCA30LDT	SCA30LDT
Scotiabank Canada Top 30 Large Cap Dividend Index AR	DE000SL0L4F1	CAD	AR	.SCA30LDA	SCA30LDA

*PR,NTR,GTR, AR means that the Index is calculated as price return, net total return, gross total return as described in the Equity Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/equity-index-methodology/> and AR means that the index is calculated as adjusted return index as described in Section 4.1.

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 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 03/02/2010, the START DATE, is 1000, Historical values from the "2024-12-19" 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 9:30 a.m. to 4:50 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 Intercontinental Exchange (ICE) 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 INDEX COMPONENTS on the respective EXCHANGES on which the INDEX COMPONENTS are listed. The CLOSING PRICES of INDEX COMPONENTS not listed in the INDEX CURRENCY are converted using the 04:00 p.m. London time rates provided by WM/ Refinitiv (the "WM/ Refinitiv Rate"). If there is no 04:00 p.m. London time WM/ Refinitiv Rate for the relevant CALCULATION DAY, the last available 04:00 p.m. London time WM/ Refinitiv Rate 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 CLIENT.



2. INDEX SELECTION

On each SELECTION DAY, the INDEX ADMINISTRATOR will revise the composition of the INDEX.

In a first step, the INDEX ADMINISTRATOR determines the INDEX UNIVERSE in accordance with Section 2.1. The INDEX UNIVERSE comprises all those financial instruments which fulfill the INDEX UNIVERSE REQUIREMENTS (as specified in Section 2.1) and will constitute a starting pool from which the components of the INDEX will be selected. Based on this INDEX UNIVERSE, the new composition of the INDEX will be determined by applying the rules outlined in Section 2.2.

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

2.1. INDEX UNIVERSE REQUIREMENTS

The INDEX UNIVERSE is comprised of all financial instruments which fulfill the below requirements (the "**INDEX UNIVERSE REQUIREMENTS**");

It is part of the Solactive Canada Broad Market Index PR (ISIN: DE000SLA4973), on a SELECTION DAY.

INDEX UNIVERSE weight for each security is calculated based on the average weight in the Solactive Canada Broad Market Index over the last four quarters including the SELECTION DAY.

Securities included on the SELECTION DAY are ranked by their average weight, and the top 120 securities are selected.

The determination of the INDEX UNIVERSE is fully rule-based and the INDEX ADMINISTRATOR cannot make any discretionary decisions.

2.2. SELECTION OF THE INDEX 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 COMPONENT REQUIREMENTS**")

1. Factor Calculation

Using the components of the INDEX UNIVERSE, 12 factors composed for final factor are calculated as follows:

- Trailing dividend yield. It is calculated with the gross dividend yield adjusted by the forward EPS.



$$\text{dividend yield} * \max \left(\min \left(\left(\frac{\text{forward EPS}}{\text{price}} \right) / \text{dividend yield}, 1 \right), -1 \right)$$

- Forward dividend yield. It is calculated with the 12 month forward dividend yield adjusted by the forward EPS. Missing data for the the 12 month forward dividend yield is filled by the trailing dividend yield.

forward dividend yield

$$* \max \left(\min \left(\left(\frac{\text{forward EPS}}{\text{price}} \right) / \text{forward dividend yield}, 1 \right), -1 \right)$$

It is set to zero for securities with a forward dividend yield greater than 5% and a trailing dividend yield of zero.

- One year expected dividend growth. Missing data for the the forward DPS is filled by the indicated DPS.

$$\text{Forward dividend growth} = \frac{\text{forward DPS} - \text{Indicated DPS}}{\text{Price}}$$

- Five year trailing dividend growth. It is calculated as the annualized growth rate over the last five years by multiplying the monthly growth rate by 12.

$$5\text{Yr trailing dividend growth} = \frac{\frac{\text{Indicated DPS}_t - \text{Indicated DPS}_{t-60}}{\text{median}(\text{Price}_{t-60:t})}}{\text{Number of Months}} \times 12$$

Where:

Number of Months = it counts the number of months with available stock prices in the last five years. A stock trading for the last 3 years will have 36 instead of 60.

$t = 1, 2, 3, \dots, 60$ months.

- Dividend payout ratio. Missing data for forward DPS is replaced with the trainling 12 month DPS, and missing data for forward EPS is filled by the 12 month trailing EPS except for securities in the real estate industry where it is replaced with 12 month trainling free cash flow per share.

$$\text{dividend payout ratio} = \frac{\text{forward EPS} - \text{forward DPS}}{\text{Price}}$$



- Long term dividend yield ratio. It is calculated as the difference between the current forward dividend yield and its 10-year median. Missing data for the the 10-year median forward dividend yield is filled by the 10-year median trailing dividend yield.
- Revisions to 12M forward EPS consensus. It is calculated as the change in 12 month forward EPS today versus 12 months ago relative to today's stock price.

$$\frac{12 \text{ month forward } EPS_t - 12 \text{ month forward } EPS_{t-12}}{Price_t}$$

It is winsorized at a 2.5% level. This means values below the 2.5th percentile will be set equal to the 2.5th percentile, and values above the 97.5th percentile will be set equal to the 97.5th percentile.

- Price volatility. It is calculated with combining the two following volatilities into one measure through the following formula:

$$price \text{ volatility} = -\log\left(\frac{volatility \text{ of excess return} + downside \text{ volatility}}{2}\right)$$

- Volatility of excess return. The calculation involves running a Fama-French style regression on the last two years of daily returns to extract beta, size, value, and momentum factor exposures for each security. The excess return, or error term, is then determined as the difference between the actual and predicted returns over this period. Finally, the standard deviation of these excess returns is calculated to measure this factor.
 - Downside volatility. Using the the regression results from the volatility of excess return factor, downside volatility is calculated by considering only the negative returns.
- Beta. Using the regression results from the previous factor, each company's beta (market exposure) is extracted and then inverted by multiplying it by -1.
 - Extracted from a Fama-French style regression, inversed for ranking purposes:
- Excess return on invested capital. It is calculated as follows:

$$Excess \text{ Return on IC} = 12 \text{ month trailing } EBIT_{q=2 \text{ to } 5} / \frac{\sum_{q=1}^5 Invested \text{ capital}_q}{5}$$

Where:

$q = 5$ is the current quarter.



12 month trailing EBIT is calculated on a quarterly basis and accumulated over the preceding 4 quarters.

Invested capital is calculated quarterly and differently depending on the sector of the company as follows:

$$\begin{aligned}
 &\textit{Invested capital for Insurance} \\
 &\quad = \textit{Total Debt} + \textit{Total Shareholders' Equity} \\
 &\quad + \textit{Total Insurance Reserves} + \textit{Deferred Tax Liabilities} \\
 &\quad + \textit{Accrued Income Taxes} \\
 &\textit{Invested capital for Banks} \\
 &\quad = \textit{Total Debt} + \textit{Total Shareholders' Equity} \\
 &\quad + \textit{Reserve for Loan Loss} + \textit{Deferred Tax Liabilities} \\
 &\quad + \textit{Accrued Income Taxes} \\
 &\textit{Invested capital for all Other Companies} \\
 &\quad = \textit{Total Debt} + \textit{Total Shareholders' Equity} \\
 &\quad + \textit{Allowance for Doubtful Accounts} \\
 &\quad + \textit{Deferred Tax Liabilities} + \textit{Accrued Income Taxes}
 \end{aligned}$$

- Leverage. It is winsorized at a 2.5% level. This means values below the 2.5th percentile will be set equal to the 2.5th percentile, and values above the 97.5th percentile will be set equal to the 97.5th percentile.

$$\textit{Leverage} = 1 - \frac{\textit{Invested Capital} - \textit{Equity Value}}{\textit{Total Assets} - \textit{Goodwill}}$$

Where:

Invested capital is calculated yearly and it depends on the sector of the company as follows:

$$\begin{aligned}
 &\textit{Invested capital for Insurance} \\
 &\quad = \textit{Total Debt} + \textit{Total Shareholders' Equity} \\
 &\quad + \textit{Total Insurance Reserves} + \textit{Deferred Tax Liabilities} \\
 &\quad + \textit{Accrued Income Taxes} \\
 &\textit{Invested capital for Banks} \\
 &\quad = \textit{Total Debt} + \textit{Total Shareholders' Equity} \\
 &\quad + \textit{Reserve for Loan Loss} + \textit{Deferred Tax Liabilities} \\
 &\quad + \textit{Accrued Income Taxes} \\
 &\textit{Invested capital for all Other Companies} \\
 &\quad = \textit{Total Debt} + \textit{Total Shareholders' Equity} \\
 &\quad + \textit{Allowance for Doubtful Accounts} \\
 &\quad + \textit{Deferred Tax Liabilities} + \textit{Accrued Income Taxes}
 \end{aligned}$$



- Working Capital Ratio. It is calculated as the average of the following two factors.
 - Working capital ratio 4Q. It is calculated as the sum of the quarterly Working Capital Ratio from the last 4Q.

$$\text{Quarterly Working Capital Ratio}_q = \frac{\text{Change in Working Capital}_q}{(Total Assets_q + Total Assets_{q-1}) / 2}$$

It is winsorized at a 2.5% level. This means values below the 2.5th percentile will be set equal to the 2.5th percentile, and values above the 97.5th percentile will be set equal to the 97.5th percentile. Then the whole numbers converted into percentile numbers ranging from 0 (worse) to 100 (best).

- Long term working capital ratio. It is calculated as the median Working Capital Ratio 4Q over the last 20 quarters (5 years). Then the whole numbers converted into percentile numbers ranging from 0 (worse) to 100 (best).

Please note that the forward EPS used in each factor is derived by combining 12-month forward EPS estimates with 12-month forward free cash flow per share (FFOPS) estimates. The values are weighted based on the number of analysts providing forecasts for each metric, using the formula:

$$FFOPS \text{ Proportion}_t = \frac{FFOPS \text{ Number of Estimate}_t}{EPS \text{ Number of Estimate}_t + FFOPS \text{ Number of Estimate}_t}$$

The 24-month median FFOPS proportion is then computed, considering only months where estimates are available. If the median FFOPS proportion is less than 30%, the FFOPS proportion is set to 0. Using the adjusted FFOPS proportion, forward EPS is calculated as:

$$\begin{aligned} \text{Forward EPS} &= 12\text{month forward EPS} \times (1 - FFOPS \text{ Proportion}) \\ &+ 12\text{month forward FFOPS} \times FFOPS \text{ Proportion} \end{aligned}$$

2. Final selection

1. All twelve factors are converted into percentile scores ranging from 0 (worst) to 100 (best) over the INDEX UNIVERSE.
2. Securities not ranked on enough metrics are excluded. If a company is ranked on fewer than the maximum number of metrics for a SELECTION DAY minus one (for example fewer than 11 metrics if 12 are used), it is removed from the final ranking process.
3. For securities missing one or more metrics but still included in the final ranking, a percentile value of 50 is assigned for each missing data.



4. For each remaining security, a weighted average of the percentile scores for all metrics is computed. Then, this weighted average score is converted into a final percentile score, representing the company's overall ranking.

$$\text{Final Score} = \text{percentile}\left(\frac{2 \times (\text{trailing dividend yield} + \text{forward dividend yield} + \text{long term dividend yield ratio}) + (\text{one Year expected dividend growth} + \text{five Year trailing dividend growth} + \text{dividend payout ratio} + \text{revisions to 12M forward EPS consensus} + \text{price volatility} + \text{beta} + \text{excess return on invested capital} + \text{leverage} + \text{working capital ratio})}{15}\right)$$

5. Securities with both trailing dividend yield and forward dividend yield of 0 are excluded.
6. Securities with a five-year trailing dividend growth below zero and a DPS-Max less than 0.9 are excluded.

DPS-Max is calculated by dividing the current indicated DPS by the maximum indicated DPS over the past 36 months.

7. Securities with a DPS-Max less than 0.6 are excluded.
8. On the BASE DAY, Securities are ranked descending based on their FINAL SCORE and the top 30 securities are selected subject to the following constraints:
 - a. The number of securities selected from each sector is subject to a maximum sector cap of ADJUSTED SECTOR MAX which is calculated as follow:

$$\text{Initial Sector Max}_i = \frac{\text{Number of Names in Sector } i}{\text{Number of Names in the Index Universe}} \times 30$$

Adjusted Sector Max_{i,j}

$$= \begin{cases} 2 & \text{Initial Sector Max}_i \leq 0.5 \\ 3 & 0.5 < \text{Initial Sector Max}_i \leq 1 \\ \text{Initial Sec Max}_i \times \left(3 - (1) \times \frac{(\text{Initial Sec Max}_i - 1)}{2}\right) & 1 < \text{Initial Sec Max}_i \leq 3 \\ \text{Initial Sec Max}_i \times \left(2 - (0.5) \times \frac{(\text{Initial Sec Max}_i - 3)}{2}\right) & 3 < \text{Initial Sec Max}_i \leq 5 \\ \text{Initial Sec Max}_i \times (1.5) & 5 < \text{Initial Sec Max}_i \end{cases}$$

Where:

i is the sector.

- b. The FINAL SCORE should be above the FINAL THRESHOLD.



On each following SELECTION DAY, the top 30 securities based on the FINAL SCORE are selected subject to the following order:

1. For initial selection, a security in the current INDEX is directly included in the Top 30, as long as its FINAL SCORE is above FINAL THRESHOLD and the number of securities selected from each sector is subject to a FINAL SECTOR MAX which is calculated as follow:

$$\text{Initial Sector Max}_i = \frac{\text{Number of Names in Sector } i}{\text{Number of Names in the Index Universe}} \times 30$$

$$\text{Adjusted Sector Max}_{i,j} = \begin{cases} 2 & \text{Initial Sector Max}_i \leq 0.5 \\ 3 & 0.5 < \text{Initial Sector Max}_i \leq 1 \\ \text{Initial Sec Max}_i \times \left(3 - (1) \times \frac{(\text{Initial Sec Max}_i - 1)}{2}\right) & 1 < \text{Initial Sec Max}_i \leq 3 \\ \text{Initial Sec Max}_i \times \left(2 - (0.5) \times \frac{(\text{Initial Sec Max}_i - 3)}{2}\right) & 3 < \text{Initial Sec Max}_i \leq 5 \\ \text{Initial Sec Max}_i \times (1.5) & 5 < \text{Initial Sec Max}_i \end{cases}$$

$$\text{Final Sector Max}_i = \max \left\{ \begin{array}{l} \text{Adjusted Sector Max}_{i,j} \\ \text{Final Sector Max}_{i,j-1} \end{array} \quad \begin{array}{l} \text{Adjusted Sector Max}_{i,j} = \text{Adjusted Sector Max}_{i,j-1} \\ \text{Adjusted Sector Max}_{i,j} \neq \text{Adjusted Sector Max}_{i,j-1} \end{array}, 6 \right)$$

Where:

j is the SELECTION DAY.

i is the sector.

2. After the initial selection, a secondary check is performed for sectors with no initial inclusion in the Top 30 as follows:
 - a. Firstly, the securities with the lowest FINAL SCORE within sectors that have reached their FINAL SECTOR MAX have been identified.
 - b. Secondly, the securities with the highest FINAL SCORE in sectors with no representation in the Top 30 and FINAL SCORE above 62.5 have been identified.
 - c. Then a swap is made if the highest FINAL SCORE security from a sector with no representation is higher than the lowest FINAL SCORE security from a sector that have reached their FINAL SECTOR MAX.



- d. This swapping continues until no additional highest Final Score security from underrepresented sectors is higher than the lowest Final Score security in the Top 30.

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

2.3. WEIGHTING OF THE INDEX COMPONENTS

The FINAL WEIGHT of each INDEX COMPONENT is determined through an optimization approach that aims to find a minimum ADJUSTED FACTOR for the INDEX weight subject to certain constraints. The OBJECTIVE FUNCTION is to minimize the cumulative squared difference between the STARTING WEIGHT and the FINAL WEIGHT AS FOLLOWS:

$$\text{STARTING WEIGHT}_i = \frac{\text{Index Universe FREE FLOAT MARKET CAPITALIZATION}_i}{\sum_{i=1}^{30} \text{Index Universe FREE FLOAT MARKET CAPITALIZATION}_i}$$

$$\text{OBJECTIVE FUNCTION} = \sqrt{\sum_{i=1}^{30} (\text{STARTING WEIGHT}_i - \text{FINAL WEIGHT}_i)^2}$$

$$\text{FINAL WEIGHT}_i = \text{ADJUSTED FACTOR}_i \times \text{STARTING WEIGHT}_i$$

where:

i is an INDEX COMPONENT among the top 30 securities have been selected in the previous step.

On any SELECTION DAY, the following constraints are employed:

- The FINAL WEIGHT is floored at the smallest STARTING WEIGHT.
- The FINAL WEIGHT is capped at the minimum between the four times the STARTING WEIGHT and 20%.
- The total weight of INDEX COMPONENTS with a FINAL WEIGHT above 6% must not exceed 45%.
- The sum of sector weights must not exceed the ADJUSTED MAX SECTOR WEIGHT, which is calculated as follows:

$$\text{MAX SECTOR WEIGHT}_i = \text{INDEX UNIVERSE SECTOR WEIGHT}_i \times 2$$

$$\text{ADJUSTED MAX SECTOR WEIGHT}_i = \begin{cases} \frac{\text{MAX SECTOR WEIGHT}_i}{\sum_{i=1}^n (\text{MAX SECTOR WEIGHT}_i)} & \sum_{i=1}^n (\text{MAX SECTOR WEIGHT}_i) < 1 \\ \text{MAX SECTOR WEIGHT}_i & \sum_{i=1}^n (\text{MAX SECTOR WEIGHT}_i) \geq 1 \end{cases}$$



Where:

$i = n$ are the sectors in the top 30 securities (INDEX COMPONENT).

3. REBALANCE

3.1. ORDINARY REBALANCE

In order to reflect the new selection of the INDEX 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.

This is carried out by implementing the shares as determined on the FIXING DAY based on the weights calculated on the SELECTION DAY.

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

SOLACTIVE will publish any changes made to the INDEX COMPONENTS with sufficient notice before the REBALANCE DAY on the SOLACTIVE website under the section "News", which is available at <https://www.solactive.com/news/announcements/>.

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 price return, net total return, gross total return, and adjusted return Index.

The calculation is performed according to the Equity Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/equity-index-methodology/>. The divisor index formula stipulates that the level of the INDEX changes based on the change of the prices of its INDEX COMPONENTS taking into account their weight in the INDEX and any currency conversion in case the price of an INDEX COMPONENT is quoted in a currency other than the INDEX CURRENCY.

Any dividends or other distributions are reinvested across the entire basket of INDEX COMPONENTS by means of a divisor at the opening of the effective date (the so-called ex-date) of the payment of such dividend or other distribution.

A more detailed description of the mechanics of the index calculation formula can be found in the Equity Index Methodology under Section 1.2.

For the construction of the adjusted return version a decrement of 120 index points per annum is deducted on each CALCULATION DAY from the GTR INDEX version.

The adjusted return INDEX is calculated in accordance with the following formula:

$$Index_t = Index_{t-1} * \frac{UI_t}{UI_{t-1}} - SD * \frac{DC_{t,t-1}}{360}$$

Where:

Index_t: The level of the INDEX as of CALCULATION DAY t

Index_{t-1}: The level of the INDEX as of CALCULATION DAY t-1

UI_t: The level of the UNDERLYING INDEX as of CALCULATION DAY t

UI_{t-1}: The level of the UNDERLYING INDEX as of CALCULATION DAY t-1

SD: The Synthetic Dividend of 120 index points per annum

DC_{t,t-1}: The number of calendar days between CALCULATION DAY t (including) and CALCULATION DAY t-1 (excluding)



4.2. EXTRAORDINARY TERMINATION

In the event the level of the adjusted return INDEX is calculated as zero or below zero (negative), the INDEX will be terminated. Solactive will announce such termination on its website under the section "News" which is available at <https://www.solactive.com/news/announcements> as soon as reasonably possible after the level of the INDEX is calculated as zero or below zero.

For clarification, Solactive may terminate the INDEX for other reasons and in accordance with Solactive's policies.

4.3. ACCURACY

The level of the INDEX will be rounded to 2 decimal places. Divisors will be rounded to six decimal places.] TRADING PRICES and foreign exchange rates will be rounded to six decimal places.

4.4. ADJUSTMENTS

Under certain circumstances, an adjustment of the INDEX may be necessary between two regular REBALANCE DAYS. Such adjustment has to be made if a corporate action (as specified in Section 4.4 below) in relation of an INDEX COMPONENT occurs. Such adjustment may have to be done in relation to an INDEX COMPONENT and/or may also affect the number of INDEX COMPONENTS and/or the weighting of certain INDEX COMPONENTS and will be made in compliance with the Solactive Equity Index Methodology, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/equity-index-methodology/>.

SOLACTIVE will announce the INDEX adjustment giving a notice period of at least two TRADING DAYS (with respect to the affected INDEX COMPONENT) on the SOLACTIVE website under the section "News", which is available at <https://www.solactive.com/news/announcements/>. The INDEX adjustments will be implemented on the effective day specified in the respective notice.

4.5. 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. Corporate actions will be implemented from the cum-day to the ex-day of the corporate action, so that the adjustment to the INDEX coincides with the occurrence of the price effect of the respective corporate action.

Adjustments to the INDEX to account for corporate actions will be made in compliance with the Equity Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/equity->



[index-methodology/](#). This document contains for each corporate action a brief definition and specifies the relevant adjustment to the INDEX variables.

While SOLACTIVE aims at creating and maintaining its methodology for treatment of corporate actions as generic and transparent as possible and in line with regulatory requirements, it retains the right in accordance with the Equity Index Methodology to deviate from these standard procedures in case of any unusual or complex corporate action or if such a deviation is made to preserve the comparability and representativeness of the INDEX over time.

SOLACTIVE considers following, but not conclusive, list of corporate actions as relevant for INDEX maintenance:

- > Cash Distributions (e.g. payment of a dividend)
- > Stock distributions (e.g. payment of a dividend in form of additional shares)
- > Stock distributions of another company (e.g. payment of a dividend in form of additional shares of another company (e.g. of a subsidiary))
- > Share splits (company's present shares are divided and therefore multiplied by a given factor)
- > Reverse splits (company's present shares are effectively merged)
- > Capital increases (such as issuing additional shares)
- > Share repurchases (a company offer its shareholders the option to sell their shares to a fixed price)
- > Spin-offs (the company splits its business activities into two or more entities and distributes new equity shares in the created entities to the shareholders of the former entity)
- > Mergers & Acquisitions (transaction in which the ownership of a company (or other business organizations) are transferred or consolidated with other entities, e.g. fusion of two or more separate companies into one entity)
- > Delistings (company's shares are no longer publicly traded at a stock exchange)
- > Nationalization of a company (effective control of a legal entity is taken over by a state)
- > Insolvency

4.6. 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/>.

4.7. 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 "News", 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

“**ADJUSTED FACTOR**” shall have the meaning as defined in Section 2.3.

“**ADJUSTED MAX SECTOR WEIGHT**” shall have the meaning as defined in Section 2.3.

“**ADJUSTED SECTOR MAX**” shall have the meaning as defined in Section 2.2.

“**BASE DAY**” shall have the meaning as defined in Section 2.2.

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

“**BUSINESS DAY**” is a day on which the Toronto Stock Exchange is open for trading.

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

“**CALCULATION DAY**” is a day on which New York Stock Exchange (NYSE), and the Toronto Stock Exchange is open for general business.

“**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.

“**ELIGIBLE REBALANCE DAY**” is each day that is a TRADING DAY at the New York Stock Exchange (NYSE), and the Toronto Stock Exchange.

“**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.

“**FINAL SCORE**” shall have the meaning as defined in Section 2.2.

“**FINAL SECTOR MAX**” shall have the meaning as defined in Section 2.2.

“**FINAL THRESHOLD**” is calculated to dynamically adjust thresholds based on the composition of the top 30 and the INDEX UNIVERSE. On each SELECTION DAY, the top 30 highest-ranked securities are selected, and the sector composition of this initial list is used to determine the number of names per sector.

The exclusion threshold for the top 30 list is initially set at the 62.5th percentile and is then adjusted for each sector using the following formula:

$$\begin{aligned}
 & \text{Sector threshold}_i \\
 &= \max \left(\min \left(1 - \frac{\min(\text{Top 30 Sector Count}_i + 1, \text{Final Sector Max}_i) \times 1.5}{\text{Universe Div Paying Sector Count}_i} \right. \right. \\
 & \quad \left. \left. \times \left(1 - \frac{\text{Universe Div Paying Sector Count}_i^4}{\sum_{i=1}^{11} \text{Universe Div Paying Sector Count}_i^4} \right), 0.625 \right), 0.25 \right)
 \end{aligned}$$



Where:

i is the sector.

And:

$$\text{Universe threshold} = \max\left(\min\left(1 - \frac{30 \times 1.5}{\text{Number of Div Paying}}, 0.625\right), 0.25\right)$$

Where:

Number of Div Paying is the number of companies in the eligible UNIVERSE after section 2.7.

For sectors not at their maximum allocation in the raw top 30 list, the universe threshold is adjusted as follows:

$$\begin{aligned} \text{adjust_one} &= \min\left(1 - \frac{\text{Top 30 Sector Count}_i}{\text{Final Sector Max}_i}, \sum_{i=1}^{11} 1_{\{\text{Top 30 Sector Count}_i \geq \text{Final Sector Max}_i\}}, 1\right) \\ \text{adjust_two} &= \min\left(\left(\sum_{i=1}^{11} \max\left(\frac{\text{Top 30 Sector Count}_i}{\text{Final Sector Max}_i}, 0\right)\right) \times 0.02, 0.2\right) \end{aligned}$$

$$\begin{aligned} &\text{Universe threshold}_i \\ &= \begin{cases} \max(\text{Universe threshold}, 0.25) & \text{Top 30 Sector Count}_i \geq \text{Final Sector Max}_i \\ \max\left(\left(\frac{\text{Universe threshold} - \max(\text{adjust_one}, 0)}{\max(\text{adjust_two}, 0)}\right), 0.25\right) & \text{Top 30 Sector Count}_i < \text{Final Sector Max}_i \end{cases} \end{aligned}$$

Then the FINAL THRESHOLD is determined as:

$$\begin{aligned} &\text{Final Threshold}_i \\ &= \begin{cases} \max(\text{Sector threshold}_i, \text{Universe threshold}_i) * 100 & \text{Top 30 Sector Count}_i \geq \text{Final Sector Max}_i \\ \text{Universe threshold}_i * 100 & \text{Top 30 Sector Count}_i < \text{Final Sector Max}_i \end{cases} \end{aligned}$$

“**FINAL WEIGHT**” shall have the meaning as defined in Section 2.3.

The “**FREE FLOAT**” is with regard to each of the securities fulfilling the INDEX COMPONENT REQUIREMENTS on a SELECTION DAY the share class-specific fraction of the total number of shares of such share class issued that



are available for trading by market participants and not locked-in by long term holders, as sourced from data vendors.

The **"FREE FLOAT MARKET CAPITALIZATION"** is with regard to each of the securities fulfilling the INDEX COMPONENT REQUIREMENTS on a SELECTION DAY the share class-specific free float market capitalization. It is calculated as the multiplication of the shares outstanding in FREE FLOAT (as sourced from data vendors) with the CLOSING PRICE of the share class as of the respective SELECTION DAY.

"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 COMPONENT" is each security reflected in the INDEX.

"INDEX COMPONENT REQUIREMENTS" shall have the meaning as defined in Section 2.2.

"INDEX CURRENCY" is the currency specified in the column "Currency" in the table in Section 1.2.

"INDEX UNIVERSE REQUIREMENTS" shall have the meaning as defined in Section 2.1.

"INDEX UNIVERSE" is the sum of all financial instruments which fulfill the INDEX UNIVERSE REQUIREMENTS.

"LIVE DATE" shall have the meaning as defined in Section 1.3.

"INDEX COMMITTEE" shall have the meaning as defined in Section 5.5.

"OBJECTIVE FUNCTION" shall have the meaning as defined in Section 2.3.

"REBALANCE DAY" is the first Wednesday in February, May, August and November. If that day is not a TRADING DAY the REBALANCE DAY will be the immediately following ELIGIBLE REBALANCE DAY.

"SELECTION DAY" is 10 BUSINESS DAY before the scheduled REBALANCE DAY, disregarding any potential change of the REBALANCE DAY.

"SOLACTIVE" shall have the meaning as defined in Section "Introduction".

"START DATE" shall have the meaning as defined in Section 1.3.

"STARTING WEIGHT" shall have the meaning as defined in Section 2.3.

"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.

"WM/REFINITIV RATE" shall have the meaning as defined in Section 1.4.



7. HISTORY OF INDEX CHANGES

Version	Date	Description
1.0	19 August 2024	Index Guideline creation (<i>initial version</i>)

CONTACT

Solactive AG
German Index Engineering

Platz der Einheit 1
60327 Frankfurt am Main
Germany

Tel.: +49 (0) 69 719 160 00

Fax: +49 (0) 69 719 160 25

Email: info@solactive.com

Website: www.solactive.com

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