

MARKET CONSULTATION- SOLACTIVE GLOBAL SUPERDIVIDEND™ INDEX

19 March 2021



Content of the Market Consultation

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

NAME	RIC	ISIN
Solactive Global SuperDividend™ Index	.SOLSDIV	DE000SLA0SD9
Solactive Global SuperDividend™ Index (Price)	.SOLSDIVP	DE000SLA8DP8

Rationale for Market Consultation

The Affected Indices tracks the price movements in shares of international companies with a high dividend yield. However, the current Index Methodology of Affected Indices is inadequate with regards to the quarterly review process of dividend cuts and therefore lacks in the appropriate reflection of the index objective.

In order to better align with the index objective of the Affected Indices and to ensure that rebalance transactions stay on a moderate Average Daily Trading Volume, the following changes are proposed.

Proposed Changes to the Index Guideline

The following methodology changes are proposed in the following points of the Index Guideline (ordered in accordance with the numbering of the affected sections):

1. Section 1.5: Weighting

From (old version):

On each Adjustment Day each Index Component of the Solactive Global SuperDividend™ Index is weighted equally.

To (new version):

On each Adjustment Day each Index Component of the Solactive Global SuperDividend™ Index is weighted equally after a five-day period as described in section 2.2.

On each Dividend Cut Adjustment Day, the company that is added to the index composition at the quarterly review dates will be given the same target weight as the member that will be deleted, calculated based on the Dividend Cut Review Date. In case more than one company is deleted, the cumulative weight of these companies is calculated and equally distributed among the replacements. Companies that remain in the index will receive a target weight based on the weight as of the Dividend



Cut Review Date. Target weights will be implemented after a five-day period as described in section 2.2.

2. Section 2.1: Selection of the Index Components

From (old version):

[...]

Once a quarter (ten Business Days before the last Business Day in May, August and November), the index components are screened for dividend cuts or an overall negative outlook concerning the companies' dividend policy ("Dividend Cut Review Date"). If any changes need to be implemented, the index will be adjusted at the close of the last trading day of the respective month. Companies may be excluded on these quarterly reviews and will be replaced with the top ranked company from the selection pool that is currently no index member. The company that is added to the index composition at the quarterly review dates will be given the same weight as the member that will be deleted, calculated as of the trading day before the adjustment takes place. In case more than one company is deleted, the cumulative weight of these companies is calculated and equally distributed among the replacements.

[...]

To (new version):

[...]

Once a quarter (ten Business Days before the last Business Day in May, August and November), the Index Components are screened for dividend cuts or an overall negative outlook concerning the companies' dividend policy ("Dividend Cut Review Date"). Quarterly reductions of the dividend payment from a value of 20% or higher will be taken into account and reviewed. If any changes need to be implemented, the index will be adjusted at the close of the last Business Day of the respective month (Dividend Cut Adjustment Day).

All Index Components with quarterly reductions of their dividend payment from a value of 20% or higher as well as all companies from the Top 200 of Selection Pool that are no Index Component will be ranked by their Indicated Dividend Yield.

The top ranked companies will be added to the remaining Index Components, which have no dividend cut or negative outlook (which group shall include companies with an anticipated dividend reduction of less than 20%) up to a total of 100 Index Components.

All companies from the Selection Pool, that are no current Index Component, have to meet criteria (a) to (d) and (f) outlined in section 4 "Selection Pool" as of the Dividend Cut Review Date to be eligible for inclusion.



Companies that have been removed from the Index Composition will remain in the Top 200 of the Selection Pool and will be reviewed again on the next Dividend Cut Review Date.

[...]

3. Section: 2.2 Ordinary Adjustment

From (old version):

The composition of the Index is ordinarily adjusted once a year on the last Business Day in February. The composition of the Solactive Global SuperDividend™ Index is reviewed on the Selection Day and the appropriate decision made is announced.

The first adjustment will be made in February 2012 based on the Trading Prices of the Index Components on the Adjustment Day.

The Index is rebalanced / reviewed quarterly over a five-day period ("Rebalancing Period"). Beginning on the Adjustment Day, and continuing until the fourth Trading Day following the Adjustment Day, the weights of the constituents of the index on the nth day are set as follows.

[...]

To (new version):

The composition of the Index is ordinarily adjusted once a year starting on the last Business Day in February (Adjustment Day). The composition of the Solactive Global SuperDividend™ Index is reviewed on the Selection Day and the appropriate decision made is announced.

Additionally, the composition of the index is adjusted quarterly starting on the last Business Day in May, August and November ("Dividend Cut Adjustment Day"), in case any changes need to be implemented identified on the Dividend Cut Review Day as described in Section 2.1.

The first adjustment will be made in February 2012 based on the Trading Prices of the Index Components on the Adjustment Day.

The Index is rebalanced quarterly over a five-day period ("Rebalance Period"). Beginning on the Adjustment Day/Dividend Cut Adjustment Day, and continuing until the fourth Trading Day following the Adjustment Day/Dividend Cut Adjustment Day, the weights of the constituents of the index on the nth day are set as follows.

[...]

4. Section: 4 Definitions

"Selection Pool"

From (old version):



[...]

(a) Listing on a regulated stock exchange in the form of shares tradable for foreign investors without restrictions

[...]

To (new version):

[...]

(a) Listing on a regulated stock exchange in the form of shares tradable for foreign investors without restrictions in the Developed Countries or Emerging Countries as determined by the SOLACTIVE Country Classification Framework, excluding exchanges in India, China and Argentina.

The framework and the country lists are available on the SOLACTIVE website:

<https://www.solactive.com/documents/solactive-country-classification/>.

[...]

"Business Day"

From (old version):

"DIVIDEND CUT REVIEW DAY" is 10 Business Days before the last Business Day in May, August and November. If the last Business Day in May, August and November is not a Trading Day, then the rebalance is postponed to the following Trading Day.

To (new version):

"DIVIDEND CUT REVIEW DAY" is 10 Business Days before the last Business Day in May, August and November.

"Selection Day"

From (old version):

"SELECTION DAY" is 10 Business Days before the Adjustment Day

To (new version):

"SELECTION DAY" is 10 Business Days before the last Business Day in February.

The following Definitions will be added.

"Indicated Dividend Yield"



“INDICATED DIVIDEND YIELD” is calculated on the respective DIVIDEND CUT REVIEW DAY by taking the annualized most recent ordinary dividend payment and dividing this amount by the close price on the respective DIVIDEND CUT REVIEW DAY.

“Dividend Cut Adjustment Day”

“DIVIDEND CUT ADJUSTMENT DAY” is the last Business Day in May, August and November. If the last Business Day in May, August and November is not a Trading Day, then the rebalance is postponed to the following Trading Day.

“Rebalance Period”

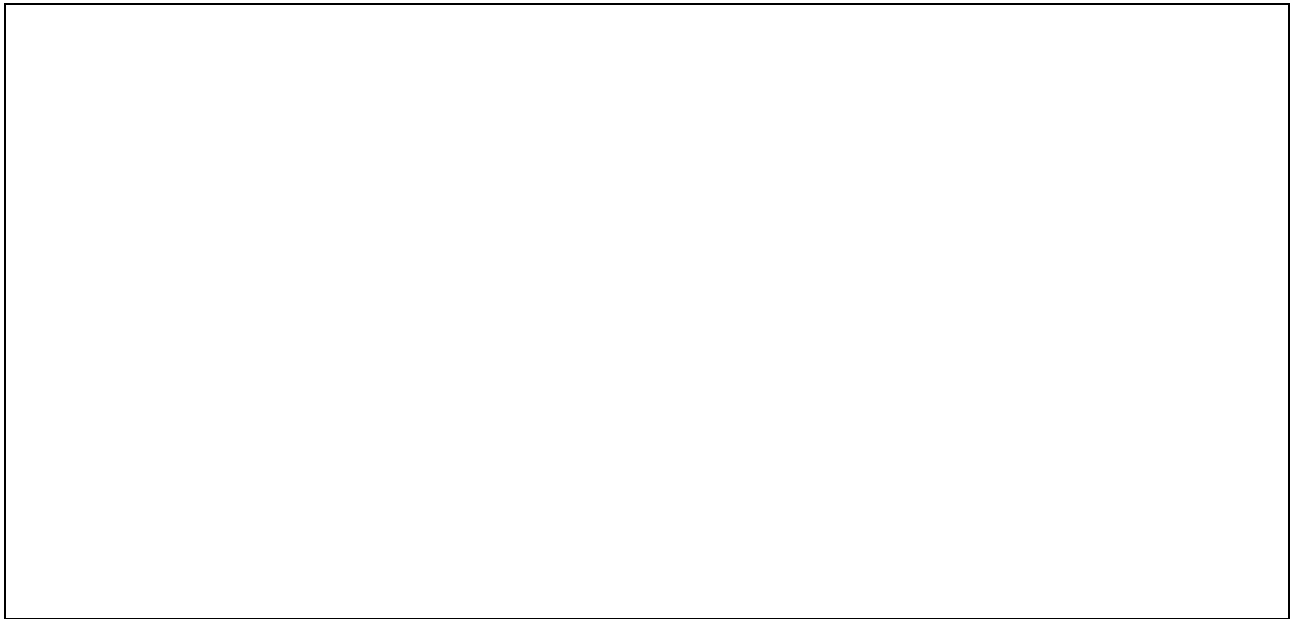
“REBALANCE PERIOD” is the period starting from (and including) the Adjustment Day/Dividend Cut Adjustment Day until and (including) the immediately following 4 Trading Days.

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 Global SuperDividend™ 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 02/04/2021(cob).

Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on 16/04/2021.

Please send your feedback via email to compliance@solactive.com, specifying "Market Consultation- Solactive Global SuperDividend™ Index" as the subject of the email, or

via postal mail to: Solactive AG
Platz der Einheit 1
60327 Frankfurt am Main
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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