

iBoxx Pfandbriefe Index Methodology

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iBoxx Pfandbriefe Index

The iBoxx Pfandbriefe Index reflects the performance of EUR denominated investment grade, Pfandbriefe bonds from German issuers. The index rules have been designed to offer a broad coverage of the market with emphasis on diversification. The iBoxx Pfandbriefe Index is rebalanced once a month at the month-end (the “rebalancing date”) and consists of investment grade EUR denominated Pfandbriefe bonds issued by German issuers and rated by at least one of the following three rating services: Fitch Ratings, Moody’s Investors Service, or S&P Global Ratings.

The iBoxx Pfandbriefe Index uses a dynamic capping methodology by constraining the issuers in the index while limiting the issuer weight change between rebalancings, thus reducing index turnover in order to minimize tracking and hedging costs.

The bonds in the iBoxx Pfandbriefe Index must meet all the criteria described below as of the close of business three business days prior to the rebalancing date provided that the relevant information can be verified as of such date (“bond selection cut-off date”). The new index composition becomes effective on the first business day of the next month.

The iBoxx Pfandbriefe Index uses multi-source prices as described in the document *iBoxx Pricing Methodology*, available at www.spglobal.com/spdji.

Bond Selection Rules

All bonds in the iBoxx Pfandbriefe Index are part of the universe of the iBoxx EUR Benchmark indices. To remain consistent with the benchmark indices, all bonds in the Pfandbriefe Capped index retain the same classification they have in the benchmark indices. To ensure that only suitable bonds enter the Pfandbriefe Capped index, further selection criteria are applied.

The following selection criteria are used to determine the index constituents:

- Bond type
- Credit rating
- Time to maturity
- Amount outstanding
- Classification

Bond Type

The iBoxx Pfandbriefe Index is comprised solely of bonds. T-Bills and other money market instruments are not eligible for inclusion in the index.

The list of proposed eligible bond types is as follows:

- Bullet fixed coupon Pfandbriefe bonds (plain vanilla bonds)
- Zero-coupon Pfandbriefe bonds

The following bond types are specifically excluded from the index:

- Structured bonds and bonds with optional characteristics, particularly those whose cash flows cannot be determined in advance
- Sinking funds
- Amortizing bonds
- Rating-driven bonds
- Step-up bonds
- Retail bonds
- Private placements. The list of private placements is updated every month and published on www.spglobal.com/spdji. Partial private placements where information on the specific amounts publicly placed and privately placed can be ascertained are included in the indices with the amount publicly placed. If the amount publicly placed is below the cut-off, the bond is not included in the indices

In addition, insurance-wrapped bonds are excluded from the index as they do not directly subject the bondholder to the credit risk of the issuer.

For retail bonds and private placements, publicly available information is not always conclusive and the classification of a bond as a retail bond or a private placement will be made at S&P DJI's discretion based on the information available at the time of determination. S&P DJI may consult with the specific Index Advisory Committees to review potential retail bonds or private placements. Any bond classified as retail

or private placement is added to the list of excluded private placements and retail bonds. The list is published on www.spglobal.com/spdji for future reference and to ensure decision's consistency.

In instances where a new bond type is not specifically excluded or included according to the published index rules, S&P DJI will analyze the features of such securities in line with the principles set out in this guide. S&P DJI may consult the specific Index Advisory Committees. Any decision as to the eligibility or ineligibility of a new bond type will be published and the index rules will be updated accordingly.

Credit Ratings

All bonds in the indices must have an iBoxx Rating of investment grade. Ratings from the following three credit rating agencies are considered for the calculation of the iBoxx Rating:

- Fitch Ratings
- Moody's Investor Service
- S&P Global Ratings

Investment grade is defined as BBB- or higher from Fitch Ratings and S&P Global Ratings and Baa3 or higher from Moody's Investor Service. Bonds with an RD/SD rating are excluded from the indices. If more than one of the above agencies rates a bond, then the iBoxx rating is the average of the provided ratings. The index consolidates ratings to the nearest rating grade and does not use rating notches.

Prior to January 01, 2008, the lowest rating was used as the iBoxx Rating. Prior to July 01, 2009, implied issue ratings were derived from issuer ratings in the absence of issue ratings for non-collateralized, unguaranteed bonds.

For more information on average ratings, please refer to the iBoxx Rating Methodology, available at <https://www.spglobal.com/spdji/en/>.

Time to maturity

At each rebalancing effective date, all bonds must have a minimum time to maturity of at least 1 year, calculated from the rebalancing effective date to the final maturity date. The time to maturity for substitutes measures from the substitution date to the bond's maturity date.

Bonds in the index with a remaining time to maturity of less than 1 year are excluded at the next rebalancing.

Amount Outstanding

All bonds must have a minimum amount outstanding of EUR 500 million in order to be eligible for the iBoxx Pfandbriefe Index. Bonds subject to a tender offer (i.e. where the issuer has announced its intention to buy back, tender or call parts or the whole amount of a bond) will not be eligible for the iBoxx Pfandbriefe Index. If a bond under a tender offer is already in the Pfandbriefe Capped index, it will be removed at the next regular quarterly rebalancing.

Index Size, Issuer Ordering, and Bond Selection

To facilitate replication, the index has a maximum weight per issuer. This chapter describes the weight determination per issuer and per bond for the iBoxx Pfandbriefe Index.

Minimum Number of Issuers

For the index to be calculated nine distinct issuers need to be eligible for the index. If less than nine issuers are eligible for the index, the index level is kept constant until the next rebalancing.

Determination of the Issuer and Security Weight

At each rebalancing the following algorithm is applied to separate entities into large cap and small cap entities.

1. Each issuer with an uncapped weight less than 5% is treated as small cap issuer.
2. Each issuer with an uncapped weight greater or equal to 5% is treated as large cap issuer.
3. A small cap issuer can switch to a large cap issuer only if the uncapped weight has been above 5% for at least 3 months and the uncapped weight in the third month is greater than 5.5%.
4. A large cap issuer can switch to a small cap issuer only if the uncapped weight has been less than or equal to 5% for at least 3 months and the uncapped weight in the third month is less than or equal to 4.5%.
5. Small cap issuers are capped at 4.5% at each rebalancing and large cap entities are capped at 24% at each rebalancing.
6. The weight of large cap entities should not exceed 78%. The excessive weight of large cap entities is redistributed pro rata to all small cap issuers subject to the 4.5% issuer cap mentioned above. In the case of a merger, the following rules will be applied:
 - a. If a new entity (ticker) is created as a result of a merger, it will be considered a small cap in month one if the uncapped weight is less than 5%
 - b. If a new entity (ticker) is created as a result of a merger, it will be considered a large cap in month one if the uncapped weight is greater than 5%
 - c. If an existing entity (ticker) has an index weight change as a result of a merger with another existing entity (ticker), the three-month stabilization rule will be removed, and the merged entity will be considered a small cap in month one if the combined uncapped weight is less than 5% or will be considered a large cap in month one if the combined uncapped weight is greater than 5%.

The weight of each bond is determined pro rata based on the security market value and the issuer weight in the overall index weight.

Bond Classification

All bonds are classified based on the principal activities of the issuer and the main sources of the cash flows used to pay coupons and redemptions.

The issuer classification is reviewed regularly based on updated information received by S&P DJI, and status changes are included in the index at the next rebalancing if necessary.

Where the sector classification of a specific entity is not very clear due to the diversified business of the entity, decision will be made at S&P DJI's discretion. S&P DJI will assign the S&P DJI classification according to its evaluation of the business risk presented in the security prospectus and annual reports, if available. S&P DJI will also compare the classification to peers in the potential sectors, and S&P DJI may consult with the Index Advisory Committees. Membership lists including classification are published on the FTP server and in the *Indices* section on www.spglobal.com/spdji for registered users.

The index contains only bonds classified as Pfandbriefe. As of January 2013 it contains bonds classified as "Oeffentliche Pfandbriefe", "Hypothekenpfandbriefe" and "Other Pfandbriefe".

	Economic Sector	Market Sector
Covered	Germany Covered	Oeffentliche Pfandbriefe
		Hypothekenpfandbriefe
		Other Pfandbriefe

Index Calculation

Static Data

Information used in the index calculation is sourced from offering circulars and checked against standard data providers.

Bond Prices

For more details, please refer to the *iBoxx Pricing Methodology* document, available in the *Methodology* section of the webpage at <https://www.spglobal.com/spdji/en/>.

Rebalancing Process

The iBoxx Pfandbriefe Index is rebalanced monthly on the last business day of the month after the close of business. Changes to outstanding amounts are only taken into account if they are publicly known three business days before the end of the month. Changes in ratings are only taken into account if they are publicly known two business days before the end of the month. New bonds issued are taken into account if they are publicly known to settle until the last calendar day of the month, inclusive, and if their rating has become known at least three trading days before the end of the month.

Three business days before the end of each month, a membership list with final amount outstanding for each bond is published.

Two business days before the end of each month, the rating information for the constituents is updated and the list is adjusted for all rating changes which are known to have taken place two trading days before the end of the month. Bonds which are known to have been upgraded to investment grade two trading days before the end of the month are not included in the membership, but bonds which are known to have been downgraded to sub-investment grade two trading days before the end of the month do get excluded from the membership. However, if any bonds which are part of the broader EUR universe become eligible two business days prior to rebalancing because of rating or amount changes, they will be included in the Index.

On the last business day of each month, S&P DJI publishes the final membership with closing prices for the bonds, and various bonds analytics based on the index prices of the bonds.

Rebalancing Procedure

In a first step the selection criteria are applied:

- Amounts outstanding are applied as of three business days before the rebalancing date
- A bond remains in its respective maturity bucket until the next rebalancing
- Only bonds with a first settlement date on or before the rebalancing date are included in the selection process

Once the eligible bond universe has been defined, the ranking criteria are employed to determine a distinct hierarchy of bonds in the universe.

Bonds enter the respective index according to their rank in the hierarchy (with the highest rank entering first) until the maximum number of bonds per index has been reached.

Weekly Preview

In addition to the regular monthly rebalancing, a preview list (including sector classification for new bonds) is published each Friday with predicted changes to the index constituents at the next rebalancing. The preview list includes the next month's index constituents and shows bonds joining or leaving the indices at the next rebalancing, based on information available on such Fridays.

The first weekly preview will be published on the Friday that is at least three business days after the preceding month-end rebalance.

Index Data

The calculation of the index is based on bid prices. New securities are included in the index at their respective ask prices when they enter the index family. If no price can be established for a particular security, the index continues to be calculated based on the last available price. This might be the case in periods of market stress, or disruption as well as in illiquid or fragmented markets. If the required inputs become impossible to obtain, S&P DJI may consult market participants prior to the next rebalancing date. Decisions are made publicly available on a timely basis and S&P DJI may refer back to previous cases.

The rebalancing takes place after close of market on the last trading day of a rebalancing month.

Index Calculus

For specific index formulas please refer to the *iBoxx Bond Index Calculus Methodology* available at <https://www.spglobal.com/spdji/en/>.

Index and Analytics Weights

The iBoxx Pfandbriefe Index is market-value-weighted. The amount outstanding of a bond is only adjusted within the rebalancing process.

All calculations are based on the adjusted amount outstanding that reflects the outstanding bond notional at the last rebalancing. The bond prices relate to the nominal value of 100.

Treatment of the Special Intra-month Events

Data for the application of corporate actions in the index may not be fully or timely available at all times, e.g. the final call prices for make-whole calls or the actual pay-in-kind percentage for PIK-payment options. In such cases, S&P DJI will estimate the approximate value based on the available data at the time of calculation.

Full Redemptions: Exercised Calls, Puts and Buybacks

If a bond is fully redeemed intra-month, the bond effectively ceases to exist. In all calculations, the redeemed bond is treated as cash based on the last price, the call price or repurchase price, as applicable. The redemption factor, redemption and the redemption price are used to treat these events in the index and analytics calculation. In addition, the clean price of the bond is set to the redemption price, and the interest accrued until the redemption date is treated as an irregular coupon payment.

Bonds Trading Flat of Accrued

If a bond is identified as trading flat of accrued, the accrued interest of the bond is set to 0 in the total return index calculation and is excluded from the calculation of all bond and index analytical values.

Bonds will be considered trading flat of accrued in any of the following situations:

- a bond has been assigned a default rating and/or
- issuer has announced a failure to pay a coupon and/or

- issuer has announced an intention not to make a payment on an upcoming coupon (grace period).

Ex-dividend Conventions

Some markets have ex-dividend conventions. Ex-dividend means that the next coupon is detached from the bond several days in advance of the coupon payment date. The date on which the next coupon is detached is the ex-dividend date and the period between the ex-dividend date and the coupon payment date is the ex-dividend period. If a bond is in the ex-dividend period, the next coupon payment will not be paid to a buyer of this bond, but will be paid to the original bond holder.

The indices and analytics calculations take ex-dividend conventions into account. During the ex-dividend period, the accrued interest of the bond is negative, while the next coupon payment is held separate in the variable coupon adjustment. If the bond enters the index during the ex-dividend period, then the next coupon payment and the coupon adjustment will not accrue to the index. However, if the bond was already in the index, the next coupon payment needs to be included in the total return calculations. This is controlled via the ex-dividend indicator which is 0 if the bond enters the index during the current exdividend period and 1 if not. The same treatment is also applied to all analytics calculation, i.e. the first cash flow is excluded from the calculations if the bond enters during the current ex-dividend period.

Determination of Benchmarks

A benchmark bond of the iBoxx EUR Benchmark universe is defined as the most liquid and low risk bond in each of the maturity bands listed below.

The procedure starts at first running a regression algorithm on all bonds in the iBoxx Eurozone index in order to determine the benchmark curve, and bonds with a positive spread to the curve are eliminated. The procedure is then repeated until one of the following is met:

1. R-square above 0.99
2. Standard deviation of yield-spread to curve is less than 3.5 bps
3. Number of bonds left is between 15 and 40.

The bonds remaining after running the procedure above are assigned to Sets A or B depending on their age. An eligible bond is assigned to Set A within a maturity band if it is not older than two years. Otherwise, it is assigned to Set B. The age of a bond is calculated from the first settlement date to the current rebalancing date. The largest bond (by amount outstanding) of all bonds in Set A is selected as the respective benchmark for each defined maturity band. If Set A is empty, then the most recently issued bond of Set B is chosen as the respective benchmark of the band.

Maturity bands are defined as follows:

Benchmark Maturity Bands	Bond Maturity
1 year	< 1.5 years
2 years	1.5 to < 2.5 years
3 years	2.5 to < 3.5 years
4 years	3.5 to < 4.5 years
5 years	4.5 to < 5.5 years
6 years	5.5 to < 6.5 years
7 years	6.5 to < 7.5 years
8 years	7.5 to < 8.5 years
9 years	8.5 to < 9.5 years
10 years	9.5 to < 12.5 years
15 years	12.5 to < 17.5 years
20 years	17.5 to < 25 years
Long	≥ 25 years

For every bond in the iBoxx EUR indices, the benchmark bond with the closest maturity is selected as a benchmark. Therefore, the chosen benchmark is not necessarily the same as the benchmark for the maturity band of the bond. If the time to maturity distance of a bond to its two neighboring benchmarks is exactly the same, then the benchmark bond with the closer coupon is chosen. If the coupon distance of the two neighbouring bonds is also exactly the same, then the younger of the two benchmark bonds is chosen.

Index history

The Index history starts on 31 December 1998. The index has a base value of 100 on that date.

Settlement Conventions

All iBoxx indices calculate using the assumption of T+0 settlement days.

Calendar

S&P DJI publishes an index calculation calendar available on <https://www.spglobal.com/spdji/en/> under *iBoxx Indices Calendars*. This calendar provides an overview of the index calculation holidays of the iBoxx bond index families each year.

Publication of the Index

The iBoxx Pfandbriefe Index is calculated as end-of-day index and distributed once daily after market close.

Bond and index analytical values are calculated end of day Monday to Friday using that day's closing prices. In addition, bond and index analytical values are calculated using the previous trading day's closing prices on the last calendar day of each month if that day is not a regular trading day as well as on common bank holidays as published in the iBoxx index calculation calendar. This index calculation calendar is available at <https://www.spglobal.com/spdji/en/> under *iBoxx Indices Calendars*. Index data is also available from the main information vendors.

Closing index values and key statistics are published at the end of each calculation day in the *Indices* section of the website for registered users.

Data Publication and Access

The table below summarizes the publication of the indices at www.spglobal.com/spdji for registered users and on the FTP server.

In addition to the indices detailed in this methodology, other indices covered by this document may be available. For a list of available indices, please refer [here](#).

Frequency, File type and Access

Frequency	File Type	Access
Daily	Underlying file – Bond level	FTP Server
	Indices files – Index level	FTP Server / website / BBG for index levels only
T-4, T-3, T-2	Preview components	FTP Server / website
Monthly	End of month components	FTP Server / website
	XREF files	FTP Server

Below is a summary of the identifiers for each publication channel:

Table: *Index identifiers*

Name	iBoxx Pfandbriefe Index	
Return Type	TRI	CPI
SEDOL	B9BPQY2	B97L5N6
ISIN	GB00B9BPQY25	GB00B97L5N67
Ticker	IBXXDECT	IBXXDECP
RIC	.IBXXDECT	.IBXXDECP

Index Governance

Index Committee

An Index Committee maintains the indices. All committee members are full-time professionals at S&P Dow Jones Indices. Meetings are held regularly. The Index Committee oversees the management of the indices, including determinations of intra-rebalancing changes, maintenance and inclusion policies, and other matters affecting the maintenance and calculation of the indices.

In fulfilling its responsibilities, the Index Committee has full and complete discretion to (i) amend, apply, or exempt the application of index rules and policies as circumstances may require and (ii) add, remove, or by-pass any bond in determining the composition of an index.

The Index Committee may rely on any information or documentation submitted to it or gathered by it that the Index Committee believes to be accurate. The Index Committee reserves the right to reinterpret publicly available information and to make changes to the indices based on a new interpretation of that information at its sole discretion. All Index Committee discussions are confidential.

The Index Committee is separate from and independent of other analytical groups at S&P Global. In particular, the Index Committee has no access to or influence on decisions by S&P Global Ratings analysts.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For more information on index governance policies, please refer [here](#).

Further Information

Client Support

For client support please contact index_services@spglobal.com.

Formal Complaints

Formal complaints should be emailed to spdji_compliance@spglobal.com.

Please note: spdji_compliance@spglobal.com should only be used to log formal complaints.

General Index Inquiries

For general index inquiries, please contact index_services@spglobal.com.

Methodology Changes

31 Dec 2021	<p>Weight determination methodology updated to account for mergers that occur between entities that are part of the index</p> <ul style="list-style-type: none"> • If an existing entity (ticker) has an index weight change as a result of a merger with another existing entity (ticker), the three-month stabilization rule will be removed.
31 Mar 2021	<ul style="list-style-type: none"> • Governance and Regulatory Compliance section added
31 Jan 2020	<p>Annual Index Review 2019</p> <ul style="list-style-type: none"> • Definition update of 'Other Sub-Sovereigns' classification • Addition of German structural covered bonds as eligible bond type under 'Covered bonds' • Inclusion of zero coupon bonds into EUR Liquid indices
30 Sep 2018	<p>Annual Index Review 2018</p> <ul style="list-style-type: none"> • Treatment of bond rating upgrades on t-2 • Clarification on bond eligibility during tender • Clarification of treatment of called bonds
31 Jul 2017	<p>Annual Index Review 2017</p> <ul style="list-style-type: none"> • Inclusion of Senior Callable Bank bonds • Classification of Insurance Tier 3 notes
30 Nov 2016	<p>Annual Index Review 2016</p> <ul style="list-style-type: none"> • Clarification of the rule regarding bonds trading flat of accrued
01 Dec 2014	<ul style="list-style-type: none"> • Markit iBoxx Pfandbriefe Index family will follow the pricing methodology described in the document iBoxx Pricing Methodology • Index Restatement complaints added • Additional clarifications on bond eligibility, classification and corporate actions
31 Jan 2013	<ul style="list-style-type: none"> • Launch of Markit iBoxx Pfandbriefe Index

ESG Disclosures

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY ¹		
1	Name of the benchmark administrator.	S&P Dow Jones Indices Limited
2	Underlying asset class of the ESG benchmark.²	N/A
3	Name of the S&P Dow Jones Indices benchmark or family of benchmarks.	iBoxx Benchmark Statement
4	Do any of the indices maintained by this methodology take into account ESG factors?	No
Appendix latest update:		May 2023
Appendix first publication:		May 2023

1. The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology and the retained EU law in the UK (The Benchmarks (amendment and Transitional Provision) (EU Exit) Regulations 2019).

2. The 'underlying assets' are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

Disclaimer

Performance Disclosure/Back-Tested Data

Where applicable, S&P Dow Jones Indices and its index-related affiliates (“S&P DJI”) defines various dates to assist our clients by providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index’s Launch Date are considered back-tested. S&P DJI defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company’s public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed “Date of introduction”) is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index’s public release date.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Information presented prior to an index’s launch date is hypothetical back-tested performance, not actual performance, and is based on the index methodology in effect on the launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate certain ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using “Backward Data Assumption” (or pulling back) of ESG data for the calculation of back-tested historical performance. “Backward Data Assumption” is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as “product involvement”) were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on “Backward Data Assumption” please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used. Index returns shown do not

represent the results of actual trading of investable assets/securities. S&P DJI maintains the index and calculates the index levels and performance shown or discussed but does not manage any assets.

Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

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