

Refinitiv Benchmark Services (UK) Limited

BENCHMARK STATEMENT THE REFINITIV CONVERTIBLE INDICES

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1. Introduction

Refinitiv Convertible Indices are a family of Indices that aim to represent the performance of the Global market of Convertible Bonds in general and its sub-sets via a series of Sub-Indices.

Each Sub-Index family is constructed to represent the market composition of the Convertible Bonds of a pre-determined size that are generally available to the institutional investors (the economic reality).

The Global Index Market Cap (the broadest Index in the family) was approximately 290b USD as of the end of November 2019 and comprised of more than 450 constituents at the time of publication.

The rest of the Sub-Indices in the family are derived from the Global Index each aiming to represent either a geographical (e.g. Asia ex Japan), an investment quality (e.g. Global Investment Grade) or a sub-set of instruments with common investment characteristics (e.g. Focus Sub-Indices).

Most but not all sub-indices are produced in both regular and hedged variants with CHF, EUR, GBP, JPY and USD being the prevalent currencies across the family.

Geographically, the family offers Global, Europe, US, Japan, Asia ex Japan sub-indices amongst others.

The Global Index was launched on 30 September 1998 with the Global Index and most sub-indices calculated back to 31 December 1993.

A number of the Sub-Indices such as Qualified, Qualified Monthly Hedged and Monthly Focus have been constructed to support the ETF funds.

The Refinitiv Convertible Indices are based on readily available data and are subject to the EU Benchmark Regulation ('BMR'). Refinitiv Benchmark Services (UK) Limited ('RBSL') is an authorised benchmark administrator under the EU BMR and regulated by the Financial Conduct Authority in the United Kingdom.

The Refinitiv Convertible Indices are not considered 'Critical' benchmarks for the purpose of Article 20 in the EU BMR. The index family has been determined to be 'Significant' pursuant to Article 24(1) of Regulation (EU) 2016/11.

The Refinitiv Convertible Indices are calculated using input data delivered by Refinitiv's Evaluated Pricing Service (EPS) and other necessary data inputs delivered by Refinitiv content groups (the 'Data Sources'). It is administered by RBSL based on the published Methodology available from the following link: <https://www.refinitiv.com/en/financial-data/indices/convertible-indices>.

Section 6.3.7 of the Refinitiv Convertible Indices provides a description of the EPS evaluations with further details available from the Pricing Service Methodology from the following link: <https://my.refinitiv.com/content/dam/myrefinitiv/products/11450/en/Technical/TRPSFixedIncomeandDerivativeMethodologyGuidev6-1-20190308-.pdf>

This benchmark statement shall be updated whenever there is a material change to either the type of the benchmark or to the Methodology used in the determination of the benchmark.

2. Overview of Methodology

The Refinitiv Convertible Indices are calculated using a Market Capitalisation weighted chain-linked approach with income reinvestment (Total Return Indices) to the full precision available to the calculation process. Official published values are rounded to 2 decimal places.

The composition (constituents) of the Global Index is determined on a continuous basis based on a set of pre-defined eligibility criteria as specified in the Methodology. The size of the index can vary depending on various factors such as inflow of new issues and removal of the existing ones.

All Sub-Indices are derived from the Global Index based on the pre-determined eligibility criteria as specified in the Methodology. Sub-Indices derived from the Global index either follow a pattern of the Global Index where the constituents are determined on a continuous basis or have a set of scheduled rebalancing dates published in advance.

Where appropriate, the indices have Concentration Factors that are recalculated monthly and / or at specific events as described in the Methodology.

No models or method of extrapolation or interpolation are used by RBSL when calculating the Refinitiv Convertible Indices.

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The input or other necessary data is readily available via subscriptions; Refinitiv Convertible Indices are not determined using contributions of input data as defined by the EU Benchmark Regulation.

3. Potential Limitations of the Benchmark

The Refinitiv Convertible Indices are calculated using readily available input data delivered by Refinitiv's Evaluated Pricing Service ('EPS') with other necessary data delivered by Refinitiv data feeds (the 'Data Sources'). Further details are available in Sections 6.3 and 7.1 of the Refinitiv Convertible Indices Methodology (see section 1 of this document for the link).

Determination of Refinitiv Convertible Indices depends on the timely availability of the input and other necessary data from said Data Sources on a Weekday basis.

Any partial inadequacies in input data are mitigated via succession of Pricing Sources as detailed in Section 6.3.3.1 of the Refinitiv Convertible Indices Methodology.

Severe technical problems, extreme market events or a widespread loss of liquidity may lead to a complete loss of one or more of the Data Sources which will affect the delivery of the data to RBSL.

In such circumstances the Index Manager will exercise expert judgement to determine the viable data and / or Data Source(s) necessary to calculate the Indices. The Refinitiv Convertible Indices may not necessarily be representative of the market segments they aim to represent under such conditions.

4. Methodology Changes and Benchmark Cessation

The Refinitiv Convertible Indices Methodology has been adopted as being a reliable and resilient mean for providing a benchmark that accurately represents the market composition of the Convertible Bonds market of issues above a pre-determined size that are generally available to the institutional investors.

The Refinitiv Convertible Indices Methodology is subject to a review in order to assess its ongoing fitness for purpose on at least an annual basis. In the event that the review leads RBSL to believe that a change to the Methodology is required and that the change is material in its effect on the benchmark, a market consultation will be conducted in accordance with the RBSL Methodology Change Procedures in order to seek feedback from a representative range of stakeholders. RBSL will review all feedback and, if following such review, it resolves to proceed with the proposed change or changes, will provide sufficient notice to users of the benchmark before implementing such change or changes.

Circumstances beyond the control of RBSL may necessitate an immediate change to or the cessation of the benchmark. Such circumstances include without limitation (i) a loss of liquidity in the underlying equity and / or bond markets and (ii) a loss of Data Source(s) such that input or other necessary data is no longer representative of wider market activity in the convertible bonds market.

In the event that an immediate change is required, RBSL will provide as much notice as is practicable and following such change will conduct an internal review of the Methodology.

If it becomes necessary to cease calculation and distribution of the benchmark, the Administrator will implement the RBSL Benchmark Cessation Policy. This includes conducting an analysis of the estimated usage of the benchmark and, where feasible, the selection of a credible alternative benchmark. In all cases, RBSL will take all reasonable steps to ensure that all users and other stakeholders are made aware as soon as possible of any intention or possible necessity to cease the benchmark.

Any material change to the Methodology or cessation of the benchmark may have an impact on the measurement of the performance of an investment fund that uses or refers to the benchmark.

Any material change to the Methodology may lead to a change in the economic reality represented by the benchmark and therefore to the economic exposure of any fund tracking the benchmark.

A cessation of the benchmark would require the selection of an alternative benchmark or the implementation of a fall-back procedures for any funds that tracks or references the benchmark.

5. Further Information

The Benchmark Methodology used in determining the Global Index and other Sub-Indices is available on RBSL's [website](#). (it's Refinitiv's website)

For further information about the Refinitiv Convertible Indices please contact RBSL's Convertible Index Management Team at CB_Index_Feedback@refinitiv.com.