

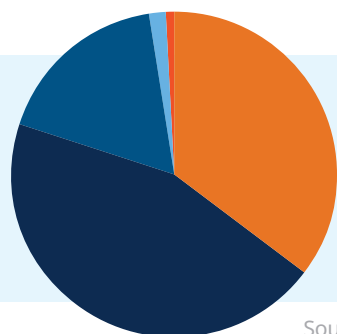
# Solactive Canadian Select Universe Bond Index

This Index is tracked by QBB - Mackenzie Canadian Aggregate Bond Index ETF

## Index overview

- Rules-based, market value weighted index engineered to measure the performance of the Canadian investment grade bond market (government and corporate bonds).
- The Aggregate Universe is divided into the Corporate Universe (Please see Solactive Canadian Select Corporate Bond Index) and the Government Universe.
- For the Government Universe, a 3-step process is used to identify the index constituents:
  - First, each bond is categorized according to its effective time to maturity. The weight for each issue in each maturity category is calculated along with the weighted yield and weighted duration.
  - Second, bonds that make up 90% of the Government Universe weights are taken into account. As a buffer to limit turnover, only those issuers whose weight changes by more than 3% will be eligible to move – compared to the last month selection.
  - Third, the absolute deviation per bond to the respective weighted yield and weighted duration per issue in each maturity category is calculated. For each bond, points are allocated from absolute deviation on duration and absolute deviation on yield. For each issue in each maturity category, the bonds are ranked according to their points and only the bonds with the highest rank will be chosen as index components.

## Index characteristics



### Composition by maturity

■ 44.8%	1-5 years	■ 35.4%	15+ years
■ 17.3%	5-10 years	■ 0.7%	Cash & Equivalents
■ 1.8%	10-15 years		

**Credit Quality: AA**  
**Effective Duration: 7.65 years**  
**Yield to Maturity: 1.05%**  
**Average Coupon: 3.07%**  
**Distribution Yield: 1.84%**

Source: QBB ETF data used as proxy; Mackenzie as of July 31, 2020

## Rules for inclusion

<b>Country eligibility</b>	• Investment grade bonds (government and corporate bonds) issued in Canada.
<b>Amount outstanding</b>	• At least \$100 million CAD for corporate bonds and \$50 million CAD for government bonds.
<b>Eligible currencies</b>	• Bonds must be issued in Canada and denominated in CAD.
<b>Coupon</b>	• Fixed-rate nominal coupon.
<b>Maturity</b>	• At least 12 months until final maturity.

<b>Rating</b>	<ul style="list-style-type: none"> <li>• Rating of at least BBB- or its equivalent from S&amp;P or Moody's.</li> </ul>		
<b>Security types</b>	<table border="0"> <tr> <td style="vertical-align: top;"> <p><b>Included</b></p> <ul style="list-style-type: none"> <li>• Eligible bonds must have a price available from a recognized bond price provider as determined by the index committee</li> </ul> </td> <td style="vertical-align: top;"> <p><b>Excluded</b></p> <ul style="list-style-type: none"> <li>• Floating-rate bonds</li> <li>• Convertibles</li> <li>• Mortgage-backed securities</li> <li>• Asset-backed securities</li> <li>• Inflation-linked securities</li> </ul> </td> </tr> </table>	<p><b>Included</b></p> <ul style="list-style-type: none"> <li>• Eligible bonds must have a price available from a recognized bond price provider as determined by the index committee</li> </ul>	<p><b>Excluded</b></p> <ul style="list-style-type: none"> <li>• Floating-rate bonds</li> <li>• Convertibles</li> <li>• Mortgage-backed securities</li> <li>• Asset-backed securities</li> <li>• Inflation-linked securities</li> </ul>
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Source: Solactive

## Rebalancing rules

<b>Index changes</b>	<p>The following corporate actions will result in changes or adjustments to an index as indicated below intra-month:</p> <ol style="list-style-type: none"> <li>Early Redemption or Full Call</li> <li>Flat Trading</li> <li>Defaulted Bonds</li> <li>Mandatory Exchanges Offers</li> </ol>
<b>Reinvestment of cash flows</b>	<ul style="list-style-type: none"> <li>• Intra-month cash flows from interest and principal payments contribute to monthly index returns and is invested directly on the effective date into the index.</li> </ul>
<b>New issues</b>	<ul style="list-style-type: none"> <li>• Qualifying securities issued, but not necessarily settled on or before the month-end rebalancing date, qualify for inclusion in the following month's index if the required security reference information and pricing are readily available.</li> </ul>

Source: Solactive

## Pricing and related issues

<b>Source &amp; frequency</b>	<ul style="list-style-type: none"> <li>• The index is calculated and distributed once every Business Day.</li> </ul>
<b>Timing</b>	<ul style="list-style-type: none"> <li>• 5 p.m. ET or at early market close when applicable.</li> <li>• If the last business day is a holiday, prices from the previous business day are used.</li> </ul>
<b>Bid or offer side</b>	<ul style="list-style-type: none"> <li>• Bonds in the index are priced on the offer side.</li> </ul>
<b>Settlement assumptions</b>	<ul style="list-style-type: none"> <li>• Accrued Interest is calculated with settlement convention t+2.</li> </ul>
<b>Calendar</b>	<ul style="list-style-type: none"> <li>• The index follows the Canada holiday calendar according to SIFMA.</li> </ul>

Source: Solactive

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