Schroders Developed Markets Managed Multi Factor Hedged Index Methodology

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Introduction

This methodology (the "Methodology") has been made available by Bloomberg Index Services Limited ("BISL") and sets out the rules, criteria, risk factors and other information application to the Schroders Developed Markets Managed Multi Factor Hedged Index (the "Hedged Index" or the "Index"). Capitalized terms used in this Methodology but not otherwise defined have the meanings set forth in Appendix I (Glossary).

Objectives and key features

The Hedged Index aims to reflect the performance of using 1M FX forward contracts with the intention of reducing exposure to currency risk in the underlying Schroders Developed Markets Managed Multi Factor Index (the "Underlying Index").

1M FX forward positions are entered into monthly, aligning with the rebalance of the Underlying Index. The weighting and notional to each FX forward is determined on the preceding Calculation Day and is based on the market value of the instruments in each currency expected to be held by the index (as a proportion of the total market value) at the close on the day on which the forwards are entered. An adjustment factor is applied to account for the change in total market value between the determination and forward entry dates.

The return of the Hedged Index may be considered as three components:

- The local returns on the assets held over the period in their denominated currencies
- The currency returns from the change in spot rate between the index and asset currencies
- The forward returns from the performance of entering each of the currency forwards

The local and currency returns are represented in the Underlying Index. In the Hedged Index, the forward returns provide an approximate offset of the currency returns.

Section 1: Calculation

Hedged Index calculation

With respect to the Hedged Index, the Index Value on the Index Base Date shall be the Index Base Value. Thereafter, the Index Value with respect to each Calculation Day, t, is calculated as:

$$HI_t^{HC} = HI_r^{HC} \times (1 + HIR_t^{HC}) \tag{1}$$

Where:

r means, with respect to Calculation Day t, the immediately preceding Hedging Roll Date. For the avoidance of doubt if t is a Hedging Roll Date, r, is the immediately preceding Hedging Roll Date and on the Index Base Date the Hedging Roll Date r is the Index Base Date;

HC means the Hedge Currency;

HI_t^{HC} and HI_r^{HC} mean, with respect to the Hedge Currency, the value of the Hedged Index on Calculation Day t and Hedging Roll Date r, respectively;

HIR_t^{HC} means, with respect to the Hedge Currency, the hedged return on Calculation Day t calculated in accordance with the following formula:

$$HIR_t^{HC} = UR_t^{HC} + AF_r \times \left(\sum_{ccy \in CCY} w_r^{ccy} \times FR_t^{ccy} \right) \tag{2}$$

Where:

UR_t^{HC} means, with respect to the Hedge Currency HC, the return on the Underlying Index calculated in accordance with the following formula:

$$UR_t^{HC} = \frac{UHI_t^{HC}}{UHI_r^{HC}} - 1 \tag{3}$$

Where:

UHI_t^{HC} and UHI_r^{HC} mean, with respect to the Hedge Currency HC, the Index Value of the Underlying Index on Calculation Day t and Hedging Roll Date r, respectively;

AF_r means, with respect to each Hedging Roll Date r, the respective adjustment factor calculated in accordance with the following formula:

If Hedging Roll Date r is the Index Base Date:

$$AF_r = 1 \tag{4}$$

Otherwise:

$$AF_r = \frac{HI_d^{HC}}{HI_r^{HC}} \tag{5}$$

Where:

d means, with respect to Hedging Roll Date r, the Hedging Determination Date.

HI_d^{HC} means, with respect to the Hedge Currency, the value of the Hedged Index on the Hedging Determination Date d;

CCY means the set of Member Currencies in the Underlying Index, excluding the currencies listed in the Hedging Exclusion List;

ccy means a Member Currency in the set of Member Currencies CCY;

w_r^{ccy} means, with respect to Hedging Roll Date r and Member Currency ccy, the total percentage weight of all Index Members of the Underlying Equity Constituent that are denominated in Member Currency ccy (determined as the proportion in terms of the Hedge Currency of the total market value of the Underlying Equity Constituent attributed to the Index Members denominated in such Member Currency) as determined on Hedging Determination Date d and calculated in accordance with the following formula:

$$w_r^{ccy} = \frac{MV_{d,adj}^{ccy}}{MV_{d,adj}} \tag{6}$$

Where:

$MV_{d,adj}$ means the market value after implementation of all corporate actions effective on r, as estimated on Hedging Determination Date d and calculated in accordance with the following formula:

$$MV_{d,adj} = \sum_{i \in n_{d,r}} TF_{i,d} \times CAC_{i,d,post} \times N_{i,d,post} \times P_{i,d,post} \times FX_{i,d}^{HC} \tag{7}$$

Where:

$n_{d,r}$ means, with respect to Hedging Determination Date d, the set of Index Members of the Underlying Equity Constituent at close on Hedging Roll Date r;

$TF_{i,d}$ means the Tilt Factor for stock i on Hedging Determination Date d;

$CAC_{i,d,post}$ means the Corporate Action Coefficient of the stock i after implementation of all corporate actions with effective day d;

$N_{i,d,post}$ means the number of shares of the stock i after implementation of all corporate actions with effective day r

$P_{i,d,post}$ means the closing price of stock i after implementation of all corporate actions with effective day r;

$FX_{i,d}^{HC}$ means, with respect to the Hedge Currency HC and the Member Currency of Index Member i, the FX Fixing Rate from the Member Currency to the Hedge Currency on Hedging Determination Date d;

$MV_{d,adj}^{ccy}$ means the market value of stocks denominated in currency ccy after implementation of all corporate actions effective on r, as determined on Hedging Determination Date d, and calculated in accordance with the following formula:

$$MV_{d,adj}^{ccy} = \sum_{i \in n_{d,r,close}} CF_i^{ccy} \times TF_{i,d} \times CAC_{i,d,post} \times N_{i,d,post} \times P_{i,d,post} \times FX_{i,d}^{HC} \tag{8}$$

Where:

CF_i^{ccy} means one (1) if the Member Currency of stock i is the same as ccy, otherwise zero (0);

FR_t^{ccy} means, with respect to Member Currency ccy, the forward return on Calculation Day t calculated in accordance with the following formula:

$$FR_t^{ccy} = \left(\frac{SFXFI_t^{ccy,HC}}{SFXFI_r^{ccy,HC}} - 1\right) \times HR_r^{ccy} \tag{9}$$

Where:

$SFXFI_t^{ccy,HC}$ and $SFXFI_r^{ccy,HC}$ means, with respect to the Member Currency ccy and Hedge Currency HC, the Index Value of the relevant Short FX Forward Index on Calculation Day t and Hedging Roll Date r, respectively;

HR_r^{ccy} means, with respect to each Member Currency ccy, the hedging ratio on each Hedging Roll Date r as calculated in accordance with the following formula:

$$HR_r^{ccy} = HPC^{ccy} \times \left(1 + ExpR_r^{ccy}\right) \tag{10}$$

Where:

HPC^{ccy} means, with respect to Member Currency ccy, the Hedge Percentage. For the avoidance of doubt, unless specified otherwise, the default value for the Hedge Percentage is 100% (one); and

$ExpR_r^{ccy}$ means, with respect to Member Currency ccy, the Expected Return. For the avoidance of doubt, unless specified otherwise, the default value for the Expected Return is 0% (zero).

Short FX Forward Index calculation

With respect to each Short FX Forward Index, the Index Value on the Index Base Date shall be the Index Base Value. Thereafter, the Index Value with respect to each Calculation Day, t, is calculated as:

$$SFXFI_t^{ccy,HC} = SFXFI_r^{ccy,HC} \times \left(1 + \frac{P_r^{Fwd(r,ccy,HC)} - P_t^{Fwd(r,ccy,HC)}}{P_r^{Spot(ccy,HC)}}\right) \tag{11}$$

Where:

r means, with respect to Calculation Day t, the immediately preceding Hedging Roll Date. For the avoidance of doubt if t is a Hedging Roll Date, r, is the immediately preceding Hedging Roll Date and on the Index Base Date the Hedging Roll Date r is the Index Base Date;

ccy means the Member Currency;

HC means the Hedge Currency;

$SFXFI_t^{ccy,HC}$ and $SFXFI_r^{ccy,HC}$ mean the Index Values on Calculation Day t and Hedging Roll Date r, respectively;

$Fwd(r, ccy, HC)$ means the Forward Position short the Member Currency ccy against the Hedge Currency HC, with Trade Date r;

$P_r^{Fwd(r,ccy,HC)}$ and $P_t^{Fwd(r,ccy,HC)}$ mean, with respect to Forward Position $Fwd(r, ccy, HC)$, the FX Forward Price on Hedging Roll Date r and Calculation Day t, respectively; and

$P_r^{Spot(ccy,HC)}$ means, the Spot Exchange Rate of the Member Currency ccy short against the Hedge Currency HC on Hedging Roll Date r;

FX Forward Price calculation

The price of a Forward Position is the value, expressed as a forward rate, determined by considering the offsetting forward rate required to unwind the existing position.

With respect to a Forward Position, $Fwd(r)$, the FX Forward Price for each Calculation Day, t, shall be calculated in accordance with the following formula:

$$P_t^{Fwd(r,ccy,HC)} = FR_r^{Settle(Fwd(r,ccy,HC))} + \left[\left(FR_t^{Settle(Fwd(r,ccy,HC))} - FR_r^{Settle(Fwd(r,ccy,HC))}\right) \times PVF_t^{Settle(Fwd(r,ccy,HC))}\right] \tag{12}$$

Where:

$Settle(Fwd(r, ccy, HC))$ means the Forward Position Settlement Date of Forward Position $Fwd(r, ccy, HC)$;

$FR_r^{Settle(Fwd(r,ccy,HC))}$ and $FR_t^{Settle(Fwd(r,ccy,HC))}$ mean the Forward Rates to Forward Position Settlement Date $Settle(Fwd(r, ccy, HC))$ on Hedging Roll Date r and Calculation Day t respectively; and

$PVF_t^{Settle(Fwd(r,ccy,HC))}$ means, with respect to Forward Position Settlement Date $Settle(Fwd(r, ccy, HC))$, the Present Value Factor on Calculation Day t. For the avoidance of doubt, unless specified otherwise, the default value for the Present Value Factor is 1 (one).

Forward Rate calculation

Forward rates for a given settlement date are determined by interpolating between (or extrapolating from) the rates of certain quoted forward tenors.

With respect to a Forward Position Settlement Date, $Settle(Fwd(r, ccy, HC))$, the Forward Rate for each Calculation Day, t, shall be calculated in accordance with the following interpolation formula:

$$FR_t^{Settle(Fwd(r,ccy,HC))} = \frac{FR_t^{Settle(STFI_t)} \times Days\left(Settle(Fwd(r, ccy, HC)), Settle(LTFI_t)\right) + FR_t^{Settle(LTFI_t)} \times Days\left(Settle(STFI_t), Settle(Fwd(r, ccy, HC))\right)}{Days(Settle(STFI_t), Settle(LTFI_t))} \tag{13}$$

Where:

$STFR_t$ and $LTFR_t$ mean, with respect to Calculation Day t, the Short Tenor FX Instrument and Long Tenor FX Instrument respectively;

$Settle(STFI_t)$ and $Settle(LTFI_t)$ mean, with respect to Calculation Day t, the Forward Instrument Settlement Dates of the Short Tenor FX Instrument and Long Tenor FX Instrument respectively;

$FR_t^{Settle(STFI_t)}$ and $FR_t^{Settle(LTFI_t)}$ mean, with respect to Calculation Day t, the Forward Rates to the Forward Instrument Settlement Dates of the Short Tenor FX Instrument and the Long Tenor FX Instrument respectively; and

$Days(\alpha, \beta)$, where α and β can take dates $Settle(Fwd(r, ccy, HC))$, $Settle(STFI_t)$ or $Settle(LTFI_t)$, means the number of Calendar Days from and including α to and excluding β.

Forward Position Settlement Date calculation

The settlement date of each Forward Position is set such that it matches what would be the settlement date of a spot transaction entered into on the next Hedging Roll Date.

With respect to a Forward Position, $Fwd(r, ccy, HC)$, the Forward Position Settlement Date of Forward Position $Fwd(r, ccy, HC)$ shall be determined in accordance with the following method:

$$Settle(Fwd(r, ccy, HC)) = SpotSettle(R_{next}(r), ccy, HC) \tag{14}$$

Where:

$R_{next}(r)$ means, with respect to Hedging Roll Date r, the immediately following Hedging Roll Date; and

$SpotSettle(R_{next}(r), ccy, HC)$ means, with respect to Hedging Roll Date $R_{next}(r)$, the Spot Settlement Date.

Section 2: Stakeholder engagement, risks, and limitations

Stakeholder engagement

BISL is in regular and ongoing engagement with its users through various channels, including via help desks, sales personnel, and direct communication with product personnel. To help ensure that the Index remains an accurate representation of the markets that it is intended to measure, BISL endeavors to meaningfully incorporate these engagements into improvements in processes and service. Prior to any change that might meaningfully impact users, BISL consults more broadly with stakeholders, where appropriate, before a recommendation is presented to the Product, Risk & Operations Committee ("PROC") for approval. This concept of shared ownership enables BISL to produce the most relevant Index and helps ensure responsiveness to user needs.

Risks

The following is a summary of certain risks associated with the Index but is not meant to be an exhaustive list of all risks associated with the Index. Although the Index is designed to be representative of the markets it is measuring, it may not be representative of every use case. There is also inherent, though transparent, judgment in its construction, as outlined in this Methodology. The Index is designed for general applicability and not to address the individual circumstances and needs of users. BISL does not advise about the usefulness of the Index to a particular circumstance; users are therefore encouraged to seek their own counsel for such matters. This Methodology is subject to change, which may impact its usefulness to users. Although efforts will be made to alert users of any change, every individual user may not be aware of them. Such changes may also significantly impact the usefulness of the Index. BISL may also decide to cease publication of this Index. BISL maintains internal policies regarding user transitions, but no guarantee is given that an adequate alternative is available generally or for a particular use case. Markets for stocks, as with all markets, can be volatile. As the Index is designed to measure this market, it could be materially impacted by market movements, thus significantly affecting the use or usefulness of the Index for some or all users. Also, certain equity markets are less liquid than others — even the most liquid markets may suffer periods of illiquidity. Illiquidity can have an impact on the quality or amount of data available to BISL for calculation and may cause the Index to produce unpredictable results.

Limitations of the index

Though the Index is designed to be representative of the markets it measures or otherwise aligns with its stated objective, it may not be representative in every case or achieve its stated objective in all instances. It is designed and calculated strictly to follow the rules of this Methodology, and any Index level or other output is limited in its usefulness to such design and calculation.

Markets can be volatile, including those market interests that the Index measures or upon which the Index is dependent to achieve its stated objective. For example, illiquidity can have an impact on the quality or amount of data available to the administrator for calculation and may cause the Index to produce unpredictable or unanticipated results.

In addition, market trends and changes to market structure may render the objective of the Index unachievable or to become impractical to replicate by investors.

In particular, the Index measures global equity markets. As with all equity investing, the Index is exposed to market risk. The value of equities fluctuate with the changes in economic forecasts, interest rate policies established by central banks and perceived geo-political risk. The Index does not take into account the cost of replication and as a result a tracking portfolio's returns will underperform the Index with all else equal. As the Index is designed to measure those markets, it could be materially impacted by market movements, thus significantly impacting the use or usefulness of the fixings for some or all users.

In addition, certain sub-indices may be designed to measure smaller subsets of the Index such as specific styles, size, and sector. Some of these sub-indices have very few qualifying constituents and may have none for a period of time. During such period, the sub-index will continue to be published at its last value, effectively reporting a 0% return, until new constituents qualify. If no constituents are expected to qualify (due to changes in market structure and other factors), the sub-index may be discontinued. In such an event, this discontinuation will be announced to index users.

Section 3: Benchmark oversight and governance

Benchmark governance, audit, and review structure

BISL uses two primary committees to provide overall governance and effective oversight of its benchmark administration activities:

- The PROC provides direct governance and is responsible for the first line of controls over the creation, design, production and dissemination of benchmark indices, strategy indices and fixings administered by BISL, including the Index. The PROC is composed of the personnel with significant experience or relevant expertise in relation to financial benchmarks. Meetings are attended by Legal & Compliance personnel. Nominations and removals are subject to review by the BOC, discussed below.
- The oversight function is provided by BISL's Benchmark Oversight Committee ("BOC"). The BOC is independent of the PROC and is responsible for reviewing and challenging the activities carried out by the PROC. In carrying out its oversight duties, the BOC receives reports of management information from members of the PROC as well as Legal & Compliance members engaged in second level controls.
- In addition, the BISL board of directors is composed of senior executives a majority of which are independent of BISL and is empowered to set the strategy, objectives, and overall direction of BISL, and oversees and monitors BISL's decision-making.

On a quarterly basis, the PROC reports to the BOC on governance matters, including but not limited to client complaints, the launch of new benchmarks, operational incidents (including errors & restatements), major announcements and material changes concerning the benchmarks, the results of any reviews of the benchmarks (internal or external) and material stakeholder engagements.

Index and data reviews

BISL reviews the Methodology on a periodic basis, and at least annually, to determine whether it continues to:

- (i) be robust and reliable;
- (ii) have clear rules, including regarding discretion;
- (iii) be rigorous, continuous and capable of validation;
- (iv) be resilient and ensures the Index can be calculated in the widest range of possible circumstances, without compromising its integrity; and
- (v) be traceable and verifiable.

In doing so, BISL will assess whether the Index continues to represent the market that it is intended to measure. More frequent reviews may result from extreme market events and/or material changes to the underlying market. Non-exhaustive examples of extreme market events include trading events such as trading interruptions or unexpected market closures, resulting in unusual market illiquidity or market volatility; exchange closures, government interventions, a pandemic or a natural catastrophe resulting in exceptional periods of stress.

Criteria for data inputs include reliable delivery and active underlying markets. Whether an applicable market is active depends on whether there are sufficient numbers of transactions (or other indications of price, such as indicative quotes) in the applicable constituents (or similar underlying constituent elements) that a price (or other value, as applicable) may be supplied for such constituent(s).

Other than as set forth in this Methodology (read in conjunction with the Bloomberg Global Equity Index Methodology), there are no minimum liquidity requirement for Index constituents and/or minimum requirements or standards for the quantity or quality of the input data. The review will be conducted by product managers of the Index in connection with the periodic rebalancing of the Index or as otherwise appropriate. Please see the Bloomberg Global Equity Index Methodology for further information on calculation of the Index in the event of market disruption.

Any resulting change to this Methodology will be subject to the review of the PROC under the oversight of the BOC, each of which committees shall be provided all relevant information and materials it requests relating to the change. Details regarding the PROC and BOC are described above. Any relevant changes will be reflected and tracked in updated versions of this Methodology.

BISL will consult with users of the Index on changes to the Methodology and seek user input. The stakeholder engagement will set forth the rationale for any proposed changes (including whether the representativeness of the Index or its appropriateness as a reference for financial instruments or contracts would be at risk if the proposed changes are not made), the key elements of the Methodology that would, in BISL's view, be affected by the proposed change, as well as the timeframe and process for responses. BISL will provide at least two weeks' notice prior to any change going into effect. In the event of exigent market circumstances or if required by law or regulation, this period may be shorter. Subject to requests for confidentiality, stakeholder feedback and BISL's responses will be made accessible upon request.

Internal and external reviews

BISL's Index administration is also subject to its Legal & Compliance function, which periodically reviews various aspects of its businesses to determine whether it is adhering to applicable policies and procedures, and assess whether applicable controls are functioning properly. In addition, BISL may from time to time appoint an independent external auditor with appropriate experience and capability to review adherence to benchmark regulation and the IOSCO Principles. The frequency of such external reviews depends on the size and complexity of the operations and the breadth and depth of Index use by stakeholders.
For the Indices, BISL anticipates an external review to be conducted every two years.

Expert judgement

The Index is rules-based, and its construction is designed to consistently produce values without the exercise of expert judgment or discretion. Nevertheless, BISL may use expert judgment or discretion with regards to the following:

- Index restatements
- Extraordinary circumstances during a market emergency
- Data interruptions, issues, and closures
- Significant acquisitions involving a non-Index company

When expert judgment or discretion is required, BISL undertakes to be consistent in its application, with recourse to written procedures outlined in this Methodology and internal procedures manuals. In certain circumstances exercises of expert judgment or discretion are reviewed by senior members of BISL management and Legal & Compliance teams, and are reported to the PROC, BISL's governance committee, which operates under the supervision of BISL's oversight function, the BOC. BISL also maintains and enforces a code of ethics to prevent conflicts of interest from inappropriately influencing index construction, production, and distribution, including the use of expert judgment or discretion.

Data providers and data extrapolation

The Index is rules-based, and its construction is designed to consistently produce Index levels without the exercise of discretion. Interpolation (or extrapolation) is used in the determination of Forward Rates.

In addition, BISL seeks to avoid contributions of input data that may be subject to the discretion of the source of such data and instead seeks to use input data that is readily available and/or distributed for a number of non-index or benchmark creation purposes. Accordingly, the index requires no 'contributors' to produce and no codes of conduct with any such sources are required.

Conflicts of interest

The Index confers on BISL discretion in making certain determinations, calculations and corrections from time to time. In making those determinations, calculations and corrections, BISL has no obligation to take the needs of any product investor or any other party into consideration. BISL is committed to avoiding and, where necessary, managing actual or potential conflicts of interest in the BISL decision-making process and has established a Conflicts of Interest Policy to minimize or resolve actual or potential conflicts of interest. BISL does not create, trade or market products.

Restatement policy

BISL strives to provide accurate calculation of its indices. However, to the extent a material error in Index Values is uncovered following publication and dissemination, a public notification will be made alerting of such error and what course of action will be undertaken and when. In such situations, BISL may decide to:

1) Not correct until the next index review;
2) Apply a correction going forward with advance notification; or
3) Restate the historical indices

BISL reviews discrepancies and generally restates indices if the impact is in excess of 3 bps[1] and occurred in the last 2 business days.

In some cases, BISL may apply discretion and determine that a restatement is required. The decision will take into consideration the following factors (not listed in order of importance):

- The relative importance of the data field impacted by the error
- Whether the indices were replicable
- When the error occurred and when it was discovered
- The number of indices and sub-indices affected
- Whether the impacted indices are linked to tradable products
- The magnitude of the error
- The burden of restatement on client re-processing relative to the impact of the error
- The impact of the restatement on analytical tools

A decision to restate any Index results in the restatement of all impacted Indices. Real-time indices are not considered for restatement, all real-time dissemination is considered indicative. Discrepancies discovered after 12 months will not be corrected.

Refer to the Bloomberg Global Equity Indices Methodology for the Restatement Policy of the Underlying Index.

[1] of the respective country Large-Mid-Small Total Return Index

Appendix I: Glossary

Available FX Instrument	The Spot Exchange Rate and the 1M Forward outright
Calculation Day	Each Index Business Day, as defined in the Underlying Index Methodology
Calendar Day	Any day
Corporate Action Coefficient	As defined in the Bloomberg Global Equity Indices Methodology
Expected Return	With respect to a Member Currency, the expected return on securities denominated in such currency between Hedging Roll Dates. For the avoidance of doubt, unless specified otherwise, the default value is 0% (zero)
Forward Instrument Settlement Date	With respect to an Available FX Instrument and a Calculation Day, the settlement date provided by the FX Data Source
Forward Position	With respect to a Trade Date, the FX forward contract short the Member Currency against the Hedge Currency entered into on such Trade Date
Forward Position Settlement Date	With respect to a Forward Position, its settlement date
Forward Rate	With respect to a Forward Position Settlement Date and a Calendar Day, the outright rate for an FX forward contract entered into on such Calendar day for settlement on the Forward Position Settlement Date as determined by interpolation using the Available FX Instruments
FX Data Source	BISL Derived FX Data as defined in the BISL Derived FX Data Methodology
FX Fixing Rate	As defined in the Bloomberg Global Equity Indices Methodology
FX Forward Price	The price of a Forward Position on a Calendar Day determined by considering the Forward Rate when entering the position and the rate to the same Forward Position Settlement Date on such Calendar Day
Hedge Currency	The currency that the Underlying Index is being hedged into
Hedge Percentage	With respect to a Member Currency, the percentage of the currency exposure to hedge. For the avoidance of doubt, the default value unless specified otherwise is 100% (one)
Hedged Index or Index	The Schroders Developed Markets Managed Multi Factor Hedged Index, being an index that aims to reflect the performance of using 1MFX forward contracts to hedge the FX exposure of the Underlying Index
Hedging Determination Date	With respect to a Hedging Roll Date, the Calculation Day immediately prior to such Hedging Roll Date
Hedging Exclusion List	KWD, PKR, QAR, SAR, and the Hedge Currency
Hedging Roll Date	Each Rebalancing Commencement Date, as defined in the Underlying Index
Index Base Date	The first date for which the Index has an Index Value
Index Base Value	The Index Value of the Index on the Index Base Date
Index Member	With respect to an Underlying Index, as defined in the Bloomberg Global Equity Indices Methodology
Index Value	As defined in the Bloomberg Global Equity Indices Methodology
Long Tenor FX Instrument	With respect to a Forward Position Settlement Date and a Calculation Day, the Available FX Instrument having a Forward Instrument Settlement Date that is the same as the Forward Position Settlement Date, if one exists, otherwise, the Available FX Instrument with the earliest Forward Instrument Settlement Date that is later than the Forward Instrument Settlement Date of the Short FX Instrument
Member Currency	With respect to an Index Member, the currency in which such Index Member is denominated
Present Value Factor	The factor used to discount forward rates back to the calculation date. For the avoidance of doubt, the default value unless specified otherwise is 1 (one)
Short FX Forward Index	Index that aims to represent the performance of entering into a rolling short forward position in a Member Currency against a Hedge Currency
Short Tenor FX Instrument	with respect to a Forward Position Settlement Date and a Calculation Day, the Available FX Instrument that has the latest Forward Instrument Settlement Date from the Available FX Instruments having a Forward Instrument Settlement Date that is either on or before the Forward Position Settlement Date, if there is an Available FX Instrument having a Forward Instrument Settlement Date that is either on or before the Forward Position Settlement Date, otherwise, the Available FX Instrument that has the earliest Forward Instrument Settlement Date

Spot Exchange Rate	The spot rate for a Member Currency short against the Hedge Currency from the FX Data Source
Spot Settlement Date	The settlement date for the spot rate of a Member Currency against the Hedge Currency from the FX Data Source
Tilt Factor	As defined in the Bloomberg Global Equity Indices Methodology
Trade Date	The date on which an FX forward contract was entered into
Underlying Equity Constituent	The Equity Constituent, as defined in the Underlying Index Methodology
Underlying Index	The Schroders Developed Markets Managed Multi Factor Index
Underlying Index Methodology	The methodology for the Schroders Developed Markets Managed Multi Factor Index, available upon request.

Appendix II: ESG Disclosure

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY	
Item 1. Name of the benchmark administrator.	Bloomberg Index Services Limited ("BISL")
Item 2. Type of benchmark or family of benchmark	Equity
Item 3. Name of the benchmark or family of benchmarks.	Schroders Developed Markets Managed Multi Factor Hedged Index
Item 4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	No. The Index incorporates ESG factors indirectly on the basis of its reliance on the Underlying Index Methodology.
Item 5. Where the response to Item 4 is positive, please list below, for each family of benchmarks, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816. Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets. The ESG factors shall be disclosed at an aggregated weighted average value at the level of the family of benchmarks.	
(a) List of environmental factors considered:	Not Applicable
(b) List of social factors considered:	Not Applicable
(c) List of governance factors considered	Not Applicable
Item 6. Where the response to Item 4 is positive, please list below, for each benchmark, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816, depending on the relevant underlying asset concerned. Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets. The ESG factors shall not be disclosed for each constituent of the benchmark, but shall be disclosed at an aggregated weighted average value of the benchmark.	
(a) List of environmental factors considered:	As above
(b) List of social factors considered:	As above
(c) List of governance factors considered:	As above
Item 7. Data and standards used	
(a) Data input. (i) *Describe whether the data are reported, modelled or sourced internally or externally.* (ii) *Where the data are reported, modelled or sourced externally, please name the third party data provider.*	Not Applicable
(b) Verification and quality of data. *Describe how data are verified and how the quality of those data is ensured.*	Not Applicable
(c) Reference standards *Describe the international standards used in the benchmark methodology.*	N/A

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