

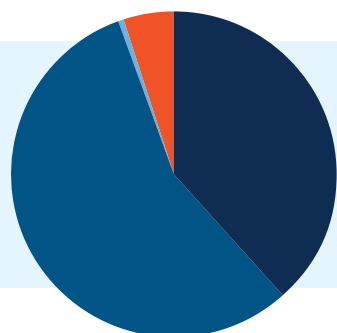
# Solactive USD High Yield Corporates Total Market Hedged to CAD TR Index

This Index is tracked by QHY - Mackenzie US High Yield Bond Index ETF (CAD-Hedged)

## Index overview

- Rules-based, market value weighted index engineered to measure the performance of High Yield rated corporate bonds denominated in USD.
- Currency hedged back to the Canadian dollar.
- At every monthly rebalance, issuer weights are capped at 3%. Excess weights will be redistributed on a pro rata basis among issuers whose weights are less than 3%. The process is iterated until no issuer has a weight higher than 3%. The resulting weights are referred to as final issuer capped weight.
- The final issuer capped weights are assigned to the issuer's bonds based on their Market values in proportion to the aggregated Market Value of the issuer. The resulting weights are referred to as Bond Target Weight.

## Index characteristics



### Composition by maturity

38.6%	1-5 years	0.4%	10-15 years
56.1%	5-10 years	4.9%	Cash & Equivalents

**Credit Quality: BB**

**Effective Duration: 3.08 years**

**Yield to Maturity: 5.45%**

**Average Coupon: 6.03%**

**Distribution Yield: 5.36%**

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

## Rules for inclusion

<b>Country eligibility</b>	• Only includes high yield rated corporate bonds issued in USD. Issuer domicile is not considered.						
<b>Amount outstanding</b>	• \$400 million USD minimum par amount outstanding.						
<b>Eligible currencies</b>	• High Yield rated corporate bonds denominated in USD.						
<b>Coupon</b>	• Fixed-rate nominal coupon.						
<b>Maturity</b>	<ul style="list-style-type: none"> <li>• At least 20 months for new issues entering the index.</li> <li>• At least 12 months until final maturity.</li> <li>• Maximum 15 years to maturity at issuance.</li> </ul>						
<b>Security types</b>	<table border="0"> <thead> <tr> <th>Included</th> <th>Excluded</th> </tr> </thead> <tbody> <tr> <td>• Eligible bonds must have a price available from a recognized bond price provider as determined by the index committee</td> <td> <ul style="list-style-type: none"> <li>• Government debt,</li> <li>• Quasi-sovereign debt,</li> <li>• Debt guaranteed or backed by governments</li> <li>• REGS securities</li> </ul> </td> </tr> <tr> <td></td> <td> <ul style="list-style-type: none"> <li>• Municipal bonds</li> <li>• Brady bonds and restructured bonds</li> <li>• Private placements except 144A series</li> </ul> </td> </tr> </tbody> </table>	Included	Excluded	• Eligible bonds must have a price available from a recognized bond price provider as determined by the index committee	<ul style="list-style-type: none"> <li>• Government debt,</li> <li>• Quasi-sovereign debt,</li> <li>• Debt guaranteed or backed by governments</li> <li>• REGS securities</li> </ul>		<ul style="list-style-type: none"> <li>• Municipal bonds</li> <li>• Brady bonds and restructured bonds</li> <li>• Private placements except 144A series</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> <ul style="list-style-type: none"> <li><b>a)</b> Early Redemption or Full Call</li> <li><b>b)</b> Flat Trading</li> <li><b>c)</b> Defaulted Bonds</li> <li><b>d)</b> Mandatory Exchanges Offers</li> </ul>
<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>• 4 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 bid 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>Currency hedging</b>	<ul style="list-style-type: none"> <li>• The index's FX hedging methodology takes rolling one-month forward contracts that are reset at the end of each month and hedges each non-reporting currency-denominated bond in the index into the reporting currency terms. No adjustment is made to the hedge during the month to account for price movements of constituent securities in the index.</li> </ul>
<b>Calendar</b>	<ul style="list-style-type: none"> <li>• The index follows the U.S. holiday calendar according to SIFMA.</li> </ul>

Source: Solactive

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