

FTSE ETF Connect Aligned Multi-Asset Custom Index

v1.0

The Index Series is not, and is not intended to be, used by supervised entities in the European Union or the United Kingdom and accordingly, the European Benchmark Regulation* and the UK Benchmark Regulation# do not apply to the index series. Consequently, supervised entities within the European Union and the United Kingdom are not permitted to use any of the indices within the index series as a benchmark as set out in article 3(1)(7) of the European Benchmark Regulation.

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* [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#)

[The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019 \(which amends the European benchmark regulation in the United Kingdom\)](#)



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Section 1

Introduction

1. Introduction

1.1 FTSE ETF Connect Aligned Multi-Asset Custom Index

- 1.1.1 The FTSE ETF Connect Aligned Multi-Asset Custom Index is designed to measure the cross-asset market return for a portfolio with a global market and multi-asset exposure. The index is constructed as an index-level composite based on underlying equity and fixed income indices calculated and maintained by FTSE Russell.
- 1.1.2 The FTSE ETF Connect Aligned Multi-Asset Custom Index does not take account of ESG factors in its design.
- 1.1.3 The inception date of the FTSE ETF Connect Aligned Multi-Asset Custom Index is 31 December 2014.

1.2 FTSE Russell

- 1.2.1 FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.
- 1.2.2 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index.
- 1.2.3 Index users who choose to follow this index series or to buy products that claim to follow this index series should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell for any losses, damages, claims and expenses suffered by any person as a result of:
- any reliance on these Ground Rules, and/or
 - any inaccuracies in these Ground Rules, and/or
 - any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
 - any inaccuracies in the compilation of the index or any constituent data.

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series¹.

2.1.2 FTSE is responsible for the daily calculation, production and operation of the FTSE ETF Connect Aligned Multi-Asset Custom Index. Please see the Ground Rules for each of the underlying indices for further details on management responsibilities for those indices, which includes responsibilities for constituent data.

2.1.3 These Ground Rules set out the methodology and provide information about the publication of the FTSE ETF Connect Aligned Multi-Asset Custom Index.

2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index series. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. Any feedback will be considered by the FTSE Russell Index Governance Board before any changes are made.

¹ FTSE is not the benchmark administrator of the Index Series as the term administrator is defined in the [IOSCO Principles for Financial Benchmarks](#) and [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

Section 3

FTSE Russell index policies

3. FTSE Russell index policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

3.1 Queries and Complaints

FTSE Russell's complaints procedure can be accessed using the following link:

[FTSE Russell Benchmark Determination Complaints Handling Policy.pdf](#)

3.2 Statement of Principles for FTSE Fixed Income Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the statement of principles for FTSE Fixed Income Indices which summarises the ethos underlying FTSE Russell's approach to index construction. The statement of principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by the FTSE Russell Index Governance Board.

The statement of principles for fixed income indices can be accessed using the following link:

[Statement of Principles Fixed Income Indices.pdf](#)

3.3 Recalculation Policy and Guidelines

The recalculation policy and guidelines for Multi Asset indices document is available from the FTSE Russell website using the link below.

[Recalculation Policy and Guidelines – Multi-Asset Indexes: Ground Rules \(Iseq.com\)](#)

3.4 Policy for Benchmark Methodology Changes

Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)

3.5 Index Policy in the Event Clients are Unable to Trade a Market or a Security

Details of FTSE Russell's treatment can be accessed using the following link:

[Index Policy in the Event Clients are Unable to Trade a Market or a Security.pdf](#)

3.6 FTSE Russell Governance Framework

To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defense risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

3.7 Real Time Status Definitions

Please refer to the following guide for details of real time status definitions for indices that are calculated in real time.

[Real Time Status Definitions.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

⁴ The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Base universe

4. Base universe

4.1 Base universe for the FTSE ETF Connect Aligned Multi-Asset Custom Index

The FTSE ETF Connect Aligned Multi-Asset Custom Index is comprised of eligible equity and fixed income securities. Each asset class is represented by a standard FTSE Russell index (“Base Universe”).

The Base Universes in the FTSE ETF Connect Aligned Multi-Asset Custom Index are:

- Equity: FTSE Southbound Stock Connect Large Cap Index
- Fixed Income: FTSE US Government Bond Index

4.2 Description of the underlying indices

4.2.1 FTSE Southbound Stock Connect Large Cap Index

The FTSE Southbound Stock Connect Large Cap Index represents the performance of Large Cap Hong Kong and Chinese companies which are listed on the Hong Kong Stock Exchange and available to Mainland China investors through the Southbound Stock Connect Scheme.

4.2.2 FTSE US Government Bond Index

The FTSE US Government Bond Index measures the performance of fixed-rate US government bonds.

4.2.3

For full details on the design criteria and calculation assumptions for the Base Universe, please refer to the FTSE Southbound Stock Connect Index Series Ground Rules and the FTSE Fixed Income Index Guide which are available at <https://www.lseg.com/en/ftse-russell>.

Section 5

Index eligibility, pricing and rebalancing

5. Underlying index construction and multi-asset index rebalancing

5.1 Eligibility criteria of underlying indices

5.1.1 The index eligibility criteria for each underlying index to a composite can be found in its Ground Rules or the Index Guide as appropriate. Please see these documents for further details.

5.2 Pricing sources of underlying indices

5.2.1 The pricing methodology for each underlying index to a composite can be found in its Ground Rules or the Index Guide as appropriate. Please see these documents for further details.

5.3 Multi-asset index rebalancing

5.3.1 The FTSE ETF Connect Aligned Multi-Asset Custom Index is rebalanced semi-annually on the last trading day of March and September, whereby the component index weightings are reset to their target levels (Further details on the target levels can be found in the Appendix A: Calculations).

5.3.2 Typically, rebalancing of index constituents for underlying indices are determined on a monthly basis for fixed income indices and semi-annually for equity indices. Please see the Ground Rules or the Index Guide as appropriate for the underlying indices for further details.

Appendix A

Calculations

Index calculations

The FTSE ETF Connect Aligned Multi-Asset Custom Index is blended based on the following:

60% FTSE Southbound Stock Connect Large Cap Index
+ 40% FTSE US Government Bond Index (Unhedged in HKD)

The index is calculated on a total return basis, accounting for both the price changes and interest or dividend accrual for all underlying instruments (equities, bonds and cash). In addition to the Total Return Index Value, the following index statistics are also calculated:

- Daily Return
- Month to Date Return
- Year to Date Return

All values are reported in HK Dollars (HKD).

The index is calculated on an end-of day basis, Monday through Friday except Christmas Day (observed) and New Year's Day (observed). If the local market is on holiday, the closing prices used for that day will be closing prices from the previous day.

Appendix B

Further information

A. Chronological summary of events

Year	Highlights
2024	September: Launch of the FTSE ETF Connect Aligned Multi-Asset Custom Index

B. Bloomberg Tickers

Ticker	Index
XXXX	FTSE ETF Connect Aligned Multi-Asset Custom Index, in HKD

For further information on the FTSE ETF Connect Aligned Multi-Asset Custom Index please visit <http://www.lseg.com/en/ftse-russell/> or e-mail info@ftserussell.com. Contact details can also be found on this website.

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