

STOXX CUSTOMIZED

# INDICES AS UNIQUE AS YOUR NEEDS.



**STOXX**  
CUSTOMIZED®

INNOVATIVE. GLOBAL. INDICES.

STOXX CUSTOMIZED

STOXX.  
THE  
ARCHITECTS  
OF YOUR  
SUCCESS.



# THE COMPANY.

STOXX Ltd. is an established and leading index specialist of European origins. The launch of the first STOXX® indices in 1998, including the EURO STOXX 50® index, marked the beginning of a unique success story, based on the company's neutrality and independence. Since then, STOXX has been at the forefront of market developments, continuously expanding its portfolio of innovative indices – and now operating on a global level, across all asset classes.

STOXX Ltd. is committed to delivering high-quality, reliable, and trusted index offerings to its global client base. The company's indices are licensed to the world's largest financial product issuers, capital owners, and asset managers, as well as more than 400 companies around the world. They are used not only as underlyings for financial products such as exchange-traded funds (ETFs), futures and options, and structured products, but also for measuring performance and risk. In addition, STOXX is the marketing agent for the indices of its shareholders Deutsche Börse AG and SIX Group AG, among them the DAX® and SMI® indices, the well-known blue-chip equity indices for Germany and Switzerland.

# BUILDING SUCCESS.

Special requirements call for special solutions. That is why many of our clients in the international banking and finance sectors not only rely on the STOXX index family, but also solicit the advice of STOXX index specialists and avail themselves of our customized index solutions. STOXX customized indices give you a professional framework for shaping your index ideas plan to meet your specific requirements. We help you derive maximum benefit from our long-standing index know-how, globally recognized quality standards, consulting competence, and financial market expertise. We deliver customized index solutions worldwide for global markets, and provide index values that satisfy your requirements right down to the last detail. We look forward to hearing your ideas.

» LONG-TERM SUCCESS IS BASED ON  
DILIGENT PLANNING. WE PROVIDE  
INDIVIDUAL, RELIABLE, FORWARD-  
THINKING SOLUTIONS.

# STOXX CUSTOMIZED: INDIVIDUAL INDEX SOLUTIONS.

## PRO STOXX

### KEY BENEFITS

- » Broad index universe: The STOXX equity universe comprises about 55,000 stocks, ensuring access to all major financial markets and equities around the globe.
- » Coverage of all asset classes: STOXX Ltd. also provides calculation services for all asset classes, such as fixed income, commodities, and even more exotic asset classes.
- » Advanced technical infrastructure: State-of-the-art technical set-up ensures reliable calculation and speed to market.
- » Different calculation frequencies: They can range from 'every second' to 'end-of-day,' – depending on your needs.
- » Cost control: By outsourcing your index calculation, you can focus on your core business. This means you make better use of your time and valuable human resources, which ultimately reduces costs.
- » Professional service: Highest quality is achieved through ongoing research of corporate actions and daily maintenance of the index by the professional STOXX index team.
- » Independence: Strict separation of STOXX Ltd. index calculations and client product issuance to avoid conflict of interests.
- » Wide distribution: Global distribution of index values to more than 400 data vendors.

### KEY APPLICATIONS

#### Financial products

- » Underlyings for passively managed investment products (structured products, investment funds, warrants).
- » Benchmarks for actively managed investment products.

#### Analysis/benchmarking

- » Performance analysis/attribution: Precise breakdown and monitoring of portfolios (e.g. on the basis of detailed segmentation by region, country, sector, currency, etc.)
- » Risk Control: Measure, optimize, and contain risk budgets of portfolios.
- » Competitor benchmarking (peer groups): Competitors are included in a single index for comparison and ranking.

#### Market presence

- » High-impact positioning in relevant public spheres and improved visibility for specific sectors/themes.
- » Detailed basis for research or background information.

## POTENTIAL USERS

### FINANCIAL PRODUCTS

- » Investment banks
- » Passive fund managers

### ANALYSIS

- » Asset management firms
- » Insurance companies
- » Pensions funds for insurance companies
- » Consultants/advisors

### MARKET PRESENCE/PROMOTION

- » Stock exchanges
- » International news media
- » Companies
- » Foundations
- » Associations

Of course, this is not the entire extent of our offerings. Because the indices are truly tailor-made, they can benefit any individual or organization.

We cultivate open dialog with our customers and provide tailor-made solutions for individual needs.



» SUCCESSFUL COLLABORATION  
IS BUILT UPON EXPERIENCE,  
EXPERTISE, AND  
HONEST COMMUNICATION.

# FOUR STEPS TO QUICK SUCCESS.

## FROM REQUEST TO LAUNCH

The path from the initial concept to the implementation of your customized index can be surprisingly short and easy. With our expertise in the index business and a clearly defined process, we are the perfect partner to develop, calculate, and maintain your customized indices quickly and diligently. We perform all of these services with the same diligence, consistency, and high quality, whether we are calculating and maintaining an official STOXX index or a customized index. Every single customized product incorporates STOXX's comprehensive know-how and care.

One of the main differences, however, is the designation. While the official STOXX index family is branded with the STOXX trademark, each customized index is a highly individual product which is calculated and maintained separately from the official STOXX index family. Therefore, STOXX customized indices are labeled with the logos shown on the following page – a trademark especially created to support clients by emphasizing that their index is being provided by one of the premier global index providers.

## CUSTOMIZED PRODUCTS

---

Calculated by

**STOXX**  
**CUSTOMIZED®**

---

Maintained by

**STOXX**  
**CUSTOMIZED®**

---

Calculated & Maintained by

**STOXX**  
**CUSTOMIZED®**

---

## 1. REQUEST

When it comes to implementing a specific index concept, speed, quality, and competent advice are essential. The STOXX Customized business process runs from the initial idea to the finished product and includes elements such as specific advice on designing the index, calculation of the index history, and dissemination of index data, as well as ongoing services such as daily maintenance and regular reviews of your index and its components. Depending on the complexity of the project, a customized index can be implemented within a short period of time. You start the process by placing an individual request.

## 2. DEFINITION

Next, we elaborate the specifications for the index in collaboration with you. This essential concept phase involves the definition of index rules and methodologies based on our extensive experience, professional expertise, and consulting competence. There are two possible scenarios for the definition process.

### **SCENARIO I**

You outline your index concept. STOXX Ltd. provides advice and develops an index in a step-by-step process on the basis of your outline. Definition criteria such as mechanical stock picking, weighting schemes, review dates, calculation frequency, and currency are established and defined together with you.

### **SCENARIO II**

You already have a detailed concept for your customized index. In this case, you specify the rule book, pick the stocks to be included in the index, and the regular index reviews. STOXX Ltd. sets up your index in our professional calculation systems.

### 3. DEVELOPMENT

When the index parameters have been established in theory, they are put into practice.

#### **DEVELOPMENT OF THE INDEX HISTORY**

We research past corporate activities and analyze these events in order to obtain the most accurate assessment possible of a customized index's historical performance. Weighting factors and/or capping factors are calculated on the basis of historical data by means of backtesting or backcasting.

#### **Backtesting**

Backtesting involves the application of index rules to historical data. The history maps historical price trends as accurately as possible. In other words, the index composition is checked on a regular basis against available historical data, whereby the composition of the index can change depending on the corresponding historical data. The index rules can also be reviewed and optimized if necessary.

#### **Backcasting**

Backcasting is a backward calculation based on the current index system and taking historical corporate action data into account. In other words, the index system is not changed and the index time horizon only changes as a result of specific changes (e.g. free float, share, corporate actions). Compared with backtesting, this simplified method of index history calculation enables the documentation of the specific index basket's performance.

#### **MAINTENANCE**

Customized indices are subjected to ongoing professional reviews. Our international index specialists perform continual monitoring, regular checks, and thorough research. They manage each STOXX Customized index in accordance with the relevant index features.

### 4. INDEX LAUNCH

We notify data vendors of the new index and disseminate index history to them. We also perform checks to ensure the index history is properly integrated in the vendor systems.

#### **ONGOING SERVICES**

##### **Daily maintenance**

» Daily research of all corporate actions concerning index components (such as dividend payments, stock splits, subscription rights, mergers and acquisitions, spin-offs).

##### **Review procedure**

» Regular reviews of the index components and index systematics.  
» Definition of additions to and removals from the index basket.  
» Updates and adjustments to the underlying strategy.

##### **DATA DELIVERY**

A daily file transfer provides you with all important data such as index composition, closing prices, and weightings. The index values are disseminated by vendors at the agreed frequency (real-time or end-of-day).

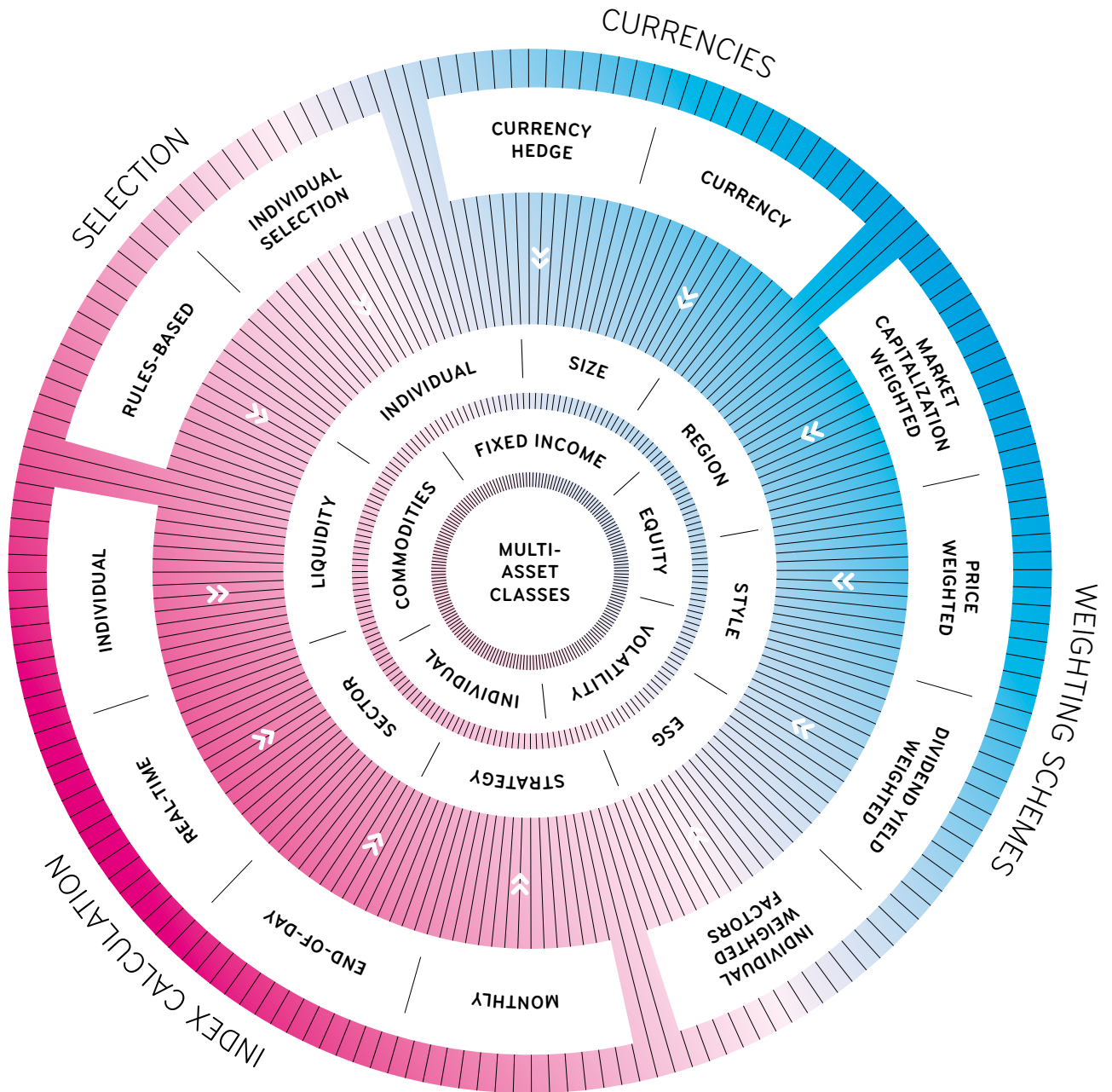
1. REQUEST
  2. DEFINITION
  3. DEVELOPMENT
  4. INDEX LAUNCH
- ONGOING SERVICES  
DATA DELIVERY

# STOXX CUSTOMIZED COVERAGE.

## CUSTOMIZED UNIVERSE

The STOXX Customized indices universe is not limited to the STOXX equity index universe of 55,000 stocks from all over the world and representing 95% of the free-float market capitalization of the respective country or region. To match your personal demands, you may choose individual stocks to be included in your tailor-made index or even define a different basis other than market cap weight. This diversity gives you countless opportunities to specify fundamental and individual characteristics. You can compose your own index by breaking the stock universe down into various segments. Of course, STOXX Customized solutions are not only available for equity markets, but also for other asset classes. All of these offerings provide you the same customization possibilities as described above. No matter what your indexing needs, we can help you fulfill them. As the graphic on the right shows, you can specify all the parameters to suit your individual requirements.

Your customized index can be designed to suit your individual needs in every detail. We will gladly work with you to define all criteria as desired.



## SGAM GROUP

### **SGAM EURO BLUE-CHIP PROTECTED INDEX SGAM EURO BLUE-CHIP LEVERAGED INDEX**

These two indices were developed and calculated for the SGAM Group. They combine the EURO STOXX 50® index with an interest rate, which means they comprise a risk component and a conservative component. The SGAM Euro Blue-Chip Protected Index guarantees an annual adjusted performance level of 80%. The SGAM Euro Blue-Chip Leveraged Index offers a monthly adjusted performance level of 50% and 200% leveraging of the movements of the EURO STOXX 50® index. The resulting indices provide an interesting risk profile that is clearly differentiated from pure equity indices. The indices are calculated in real-time and the performance level is adjusted on an index-by-index basis either monthly, quarterly, or annually.

## ROYAL BANK OF SCOTLAND

### **PHOTOVOLTAIC GLOBAL 30 INDEX**

This index was set up to track the world's 30 largest and most liquid companies worldwide that generate at least 50% of their overall turnover from

- » solar power generators
- » solar equipment manufacturing
- » solar technology services
- » solar plant investment
- » solar plant construction

The index includes a fixed number of 30 components and ranks them based on their market capitalization. At the quarterly reviews, components' weights are capped at 10%. Index calculation and dissemination are performed every 60 seconds during local trading hours (between 9.00 a.m. and 10.15 p.m. CET) as price and total return indices. In the future STOXX Ltd. will be responsible for the daily adjustment of corporate actions and the annual review of free-float factors and outstanding shares.

## RÜD BLASS

### **RÜD BLASS REAL ESTATE INDEX**

The Rüd Blass Real Estate Index mirrors the price performance of a maximum of ten Swiss real estate investment funds. The index was standardized at an initial baseline level of 100 as of February 1960 and was calculated originally on an annual basis; as of April 1982 it was computed monthly. The SIX Swiss Exchange has been calculating the index on behalf of Rüd Blass five times a day since July 1, 2001.

While the net asset value-weighted index takes into account the size of the real estate investment funds, the equal-weighting index calculates the arithmetic mean value of the various funds included in the index. Adjustments to the index are normally made twice annually on the first trading day of January and July.

## PIMCO

### **PAN-EUROPEAN HEDGED INDEX BASED ON THE EURO STOXX 50® INDEX**

This pan-European hedged index based on the EURO STOXX 50® index is calculated for PIMCO and used as a benchmark for their PIMCO European StocksPLUS® TR Strategy Fund. The customized index takes the performance of the unhedged USD-denominated EURO STOXX 50® index and deducts the cost of the currency hedge by taking forward rates and spot rates into account. STOXX Ltd. is responsible for the end-of-day calculation of the hedged index and its dissemination to the client.

» WE ARE NOT SATISFIED  
UNTIL YOU ARE.  
IN EVERY DETAIL.

# SUCCESS STORIES WRITTEN BY STOXX.



For further information please contact:

**STOXX Ltd.**

Selnaustrasse 30

CH-8021 Zurich

P +41 (0)58 399 5300

customizedindices@stoxx.com

[www.stoxx.com](http://www.stoxx.com)

**STOXX is part of Deutsche Börse and SIX Group**

STOXX® and STOXX Customized® are trademarks of STOXX Ltd.  
SMI® is a registered trademark of SIX Swiss Exchange AG. DAX® is a  
registered trademark of Deutsche Börse AG.

©STOXX Ltd., February 2011. All rights reserved.