

## STOXX® EUROPE 600 OPTIMISED MARKET QUARTILE INDICES

**STOXX® Europe 600 Optimised Consumer Staples Index**  
**STOXX® Europe 600 Optimised Defensives Index**  
**STOXX® Europe 600 Optimised Consumer Discretionary Index**  
**STOXX® Europe 600 Optimised Cyclical Index**

### Index Universe

The index universe for all 4 indices is defined as all components of the STOXX Europe 600 Index which contains stocks traded on the major exchanges of 18 European countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

### Initial Stock Selection

The stocks in the index universe are attributed to 114 subsectors according to their Industry Classification Benchmark (ICB). All components from Greece and Iceland are removed from the index universe of the STOXX Europe 600 Index for the STOXX Europe 600 Optimised Market Quartile indices. STOXX will classify each ICB subsector to one of the 4 thematic baskets.

- **STOXX Europe 600 Optimised Consumer Staples Index:**  
Contains stocks of companies that produce/trade goods in all economic periods, i.e. Food, Beverages, Food & Drug Retailing, Tobacco, Producers of non-durable household goods and personal products, Hypermarkets and Consumer centres.
- **STOXX Europe 600 Optimised Defensives Index:**  
Contains stocks of companies that are not affected by any economic cycles but concentrated on the basic needs such as Utilities, Healthcare, Telecommunications and Insurance.
- **STOXX Europe 600 Optimised Consumer Discretionary Index:**  
Contains stocks of companies that produce/trade nonessential goods and services and profit from disposable income. The performance is closely linked to the development of the economy, i.e. Manufacturing Segment, Automotive, Household Durable Goods, Textiles & Apparel, Leisure Equipment (Hotels, Restaurants and other leisure facilities), Media Production and services, Consumer Retailing and services.
- **STOXX Europe 600 Optimised Cyclical Index:**  
Contains stocks of companies that are sensitive to economic fluctuations and tend to exhibit more radical swings, correlated with the overall business cycle, i.e. all subsectors that are not included in the above 3 indices.

### Review Procedure

The optimised characteristics of a stock are determined by the two following factors:

- **Equity turnover:** average daily turnover value (ADTV) over 3 months.
- **Availability to borrow:** based on a seven day average of data provided by Data Explorers (in EUR).

All STOXX Europe 600 Index components excluding Greece and Iceland qualify for the index universe. They are ranked by both aforementioned factors.

- The 30 least liquid stocks and the 30 stocks that are hardest to borrow are removed to receive the final index constituents.
- For each remaining stock a liquidity factor is calculated: i.e. if one of the STOXX Europe 600 Optimised Market Quartile indices has a stock weighting above its average weighted ADTV, then the stock weighting in that index is reduced to the level of the average ADTV.
- If the weighting of a component is above a weighted average ADTV it is reduced to that value by introducing a liquidity scaling factor.
- A cap factor of 10 % is applied to each of the STOXX Europe 600 Optimised Market Quartile indices.

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### Review Frequency

The index composition is reviewed quarterly in March, June, September and December. The classification of the subsectors is reviewed annually in December.

### Weighting

The indices are weighted by free float market capitalisation. Each component's weight is subject to a liquidity factor and a capping of 10 %. The free float market capitalisation, liquidity factors and cap factor are reviewed quarterly.

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