METHODOLOGY OVERVIEW

STOXX® EUROPE 600 OPTIMISED SUPERSECTOR INDICES

Index Universe

The index universe is defined as all components of the STOXX Europe 600 Index which contains the 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 19 supersectors according to their ICB (Industry Classification Benchmark) classification. All components from Greece and Iceland are removed from the selection list of the index universe of the STOXX Europe 600 Index for the STOXX Europe 600 Optimised Supersector indices.

Review Procedure

- The optimised characteristics of each stock are determined by analysing two factors, i.e. equity turnover value and availability to borrow.
  - Equity turnover value: average daily turnover value (ADTV) over 3 months.
  - Availability to borrow: based on the average data over seven trading days, as provided by Data Explorers (in EUR).
- The qualifying STOXX Europe 600 Index stocks (excluding Greece and Iceland) are ranked in terms of the aforementioned two factors.
- A maximum of 60 stocks are marked for exclusion (bottom 30 stocks based on ADTV and 30 based on availability to borrow).
- If there are one or more stocks in a particular supersector, then delete all stocks marked for exclusion from that particular supersector, beginning with the smallest in terms of free float market capitalisation, as long as:
  - At least ten stocks remain in the respective supersector.
  - The combined free float market capitalisation of the stocks marked for exclusion from a particular supersector does not exceed a combined 20 percent of the free float market capitalisation of the Supersector in question
- For each remaining stock a liquidity factor is calculated: the weighting of the stock in the respective supersector and its ADTV; i.e. if a supersector index has a stock weighting above its average weighted ADTV, then the stock weighting in that supersector index is reduced to the level of the average ADTV.
- Calculation of a new weighting of each stock in each supersector in respect of the adjusted free float market capitalisation.
- Cap factors are applied to each supersector index based on the number of components:
  - 20% if the number of components is less than 25
  - 15% if the number of components is between 25 and 39
  - 10% if the number of components is 40 or more

Review Frequency

The index composition is reviewed quarterly in March, June, September and 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 20, 15 or 10% depending on the number of components in the index. The free float market capitalisation, liquidity factors and cap factors are reviewed quarterly.

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