

STOXX® STRONG STYLE INDICES

STOXX® Europe Strong Growth 20 Index
STOXX® Europe Strong Value 20 Index
STOXX® Europe Strong Style Composite 40 Index

EURO STOXX® Strong Growth 20 Index
EURO STOXX® Strong Value 20 Index
EURO STOXX® Strong Style Composite 40 Index

Introduction

The objective of the STOXX Strong Style index methodology is to create indices that represent the most style-pure companies in Europe and the Eurozone. The original six factors which are applied to classify a company's style category are condensed into a single number, i.e. the style score. This growth or value score describes the level of style purity, i.e. the clarity of the growth or value characteristic.

Index Universe

The index universe is defined as all companies in the STOXX Europe Total Market Index (TMI) Style indices and EURO STOXX TMI Style indices.

Style Classification

The style characteristics of each stock in the respective STOXX TMI Style indices are determined by analysing six factors, i.e. two projected, two current and two historical:

- Projected price/earnings (P/E) ratio
- Projected earnings growth
- Trailing P/E ratio
- Trailing earnings growth
- Price/book (P/B) ratio
- Dividend yield

Selection List

Companies in the respective regional STOXX TMI Style Index are first sorted separately by their growth and value scores to create two selection lists. The growth and value scores are calculated as follows:

- The six factors listed above are normalised as z-scores, i.e. are condensed into a single style score that measures a company's style purity.
- The vector distances between the six factors and the growth/value seeds are calculated (for the STOXX Style indices, the growth and value seeds are set at 2 and -2, respectively).
- The scores are then calculated by:
 - Growth Score: distance from value seed / (distance from growth seed + distance from value seed)
 - Value Score: distance from growth seed / (distance from growth seed + distance from value seed)
 - (Note that Growth Score + Value Score = 1)

STOXX® STRONG STYLE INDICES**Stock Selection**

The same procedure is applied for both, the strong growth and strong value indices.

- All current components ranked 10 or above in the selection list qualify for the index.
- The remaining 10 stocks are selected from the largest remaining current stocks ranked between 11 and 30.
- If the number of stocks selected is still below 20, the largest remaining stocks are selected until the final component number of 20 is reached.

Components are screened for a minimum level of liquidity. If a company qualifying for the index has multiple lines, the less liquid line is removed.

The STOXX Strong Style Composite 40 indices are the combination of the underlying strong growth and strong value indices.

Review Frequency

The index composition is reviewed annually in September.

Weighting

- A company's weight in the index is based on its growth or value score and subject to 15% weighting cap.
- The weighting factor for each component is calculated at the review to calculate the index:
 - Determination of the weights of each component (based on growth or value score).
 - Determination of weighting factor for each company based on the formula: $(100,000,000,000 \times \text{weighting of company}) / \text{EUR price}$ and rounded to integers.
- The weighting factors are kept constant until the next review.
- In the event of a corporate action affecting a component, company weighting factors are adjusted to keep the component weights in the index constant.