

STOXX® TMI STYLE INDICES

Index Universe

The objective of the STOXX Total Market Index (TMI) Style index methodology is to create indices that correctly distinguish between, and thus accurately represent, growth and value stocks. The index universe is defined as all the growth and value stocks selected from the STOXX Europe TMI Index at the first and third quarter reviews. STOXX Europe TMI Growth and STOXX Europe TMI Value indices are both comprised of large, mid and small indices. The EURO STOXX TMI Growth and Value indices are derived from the STOXX Europe TMI Growth and Value indices and also cover large, mid and small capitalisation stocks.

Style Evaluation Criteria and Selection List

The style characteristics of each stock 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

The qualifying stocks are ranked by each of the six factors and a multivarial statistical cluster analysis is conducted to produce five clusters: strong growth and weak growth, strong value and weak value, and neutral.

Stock Selection

To reduce turnover there are certain criteria as to when a stock is reclassified into a new cluster based on the result of the review. The rules are as follows:

- All stocks that have been classified into the strong value (strong growth) cluster in the last review, will remain in this cluster.
- All stocks that have been classified into the neutral cluster in the last review, will go into the cluster that they classify for in this review.
- All stocks that have classified for the weak value (weak growth) cluster in the last review, and are still classified in any value (growth) cluster in this review, will remain in the weak value (weak growth) cluster.
- All stocks that have classified for the weak value (weak growth) cluster in the last review, and are now classified in any growth (value) or neutral cluster in this review will be reclassified to neutral.
- Neutral stocks with free float weightings of more than or equal to 0.5% of the total index which are closer to a value (growth) cluster mean will be reclassified to value (growth).

The remaining stocks are excluded from the Style indices.

Review Frequency

The index composition is reviewed semi-annually in March and September.

Weighting

The index is weighted by free float market capitalisation. The free float weights are reviewed quarterly.