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STOXX

ECPI Strategy Indices Methodology Guide

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1. INTRODUCTION TO ECPI INDEX GUIDES

The ECPI index guides are separated into the following sub-sets:

- » The **ECPI Equity Indices Methodology Guide** contains the equity index specific rules regarding the construction and derivation of the portfolio-based indices, the individual component selection process and weighting scheme.
- » The **ECPI Strategy Index Methodology guide** contains the formulas and description of all strategy indices
- » The **ECPI Decrement Indices Methodology Guide** contains the index specific rules regarding the construction and derivation of the ECPI Decrement Indices, the individual component selection process and weighting schemes
- » The **STOXX Calculation guide** provides a general overview of the calculation of the ECPI equity indices, the dissemination, the index formulas and adjustments due to corporate actions
- » The **Guide to Industry Classifications used by STOXX Ltd.** contains general information on the industry classifications used in the ECPI indices
- » The **Guide to Reference Calculations used by STOXX Ltd.** provides detailed information on the definitions of, and formulas for, the calculations used in STOXX's reports, factsheets, indices and presentation

All rule books are available for download on <http://www.stoxx.com/indices/rulebooks.html>

2. GENERAL PRINCIPLES

2.1. GENERAL INFORMATION

STOXX Ltd. develops, creates and publishes Indices for certain uses, e.g., the issuance of Financial Instruments. In general, an Index is any figure published or made available to the public that is regularly determined by the application of a formula (or any other method of calculation, or by an assessment) on the basis of the value of one or more underlying assets or prices, including estimated prices, actual or estimated interest rates, quotes and committed quotes, or other values or survey.

STOXX is the index administrator of the ECPI Strategy indices. With effect to December 21st, 2026, STOXX Ltd. performs the index calculation, index data reporting and index review of all ECPI Strategy indices.

All ECPI Strategy Indices are governed by the respective index methodology applicable to the respective index or index family. In order to ensure the highest quality of each of its indices, STOXX Ltd. exercises the greatest care when compiling and calculating the indices on the basis of the rules set out in this Guide.

However, STOXX Ltd. cannot guarantee that the various indices, or the various ratios that are required for index compilation and computation purposes, as set out in this Guide, are always calculated free of errors. STOXX Ltd. accepts no liability for any direct or indirect losses arising from any incorrect calculation of such indices or ratios.

These ECPI Strategy Indices do not in any way represent an investment recommendation. In particular, the compilation and calculation of the various indices shall not be construed as a recommendation of STOXX Ltd. to buy or sell individual securities, or the basket of securities underlying a given index.

2.2. INDEX RATIONALE

STOXX defines the index rationale as the basis for applying a certain methodology in order to achieve the index objective. STOXX performs intensive research and may conduct conversations with market participants and third parties for this purpose. STOXX discloses the index objective in every case.

2.3. METHODOLOGY REVIEW POLICIES

STOXX constantly monitors the execution of the index calculation rules in order to ensure the validity of the index methodology. STOXX also conducts general methodology reviews in a periodic and ad-hoc basis, to reflect economic and political changes and developments in the investment industry. As a result of these activities, STOXX introduces changes to the methodology books. Material changes are notified to subscribers and the media through the usual communication channels. Clarifications of the methodology are updated in the rulebook. All changes are tracked in the section History of changes to the guide.

2.4. INDEX TERMINATION POLICY

For the termination of an index or index family for which outstanding products are present in the market to the knowledge of STOXX, a market consultation with the involved clients will be initiated by STOXX to consider their views and concerns related to the termination or transition. A consultation period will be opened. Its duration depends on the specific issue. After the consultation period and in case of further action needed, a notification will be issued and the process defined above will be followed. In the case of a transition, STOXX will launch the alternative index and will notify of its character as a suitable replacement for an existing index whose calculation should be discontinued in the future. This notification advises clients on the alternative recommended by STOXX as replacement.

2. GENERAL PRINCIPLES

The timeframe in which both indices will be calculated in parallel will be disclosed in the notification's text and will be no shorter than three months.

For the termination of an index or index family for which, to the knowledge of STOXX, no listed financial products are issued in the market, a press release notification or e-mail notification to subscribers will be communicated at least three months before coming into force. Clients or third parties with interest in the index or index family are urged to communicate as soon as possible their concerns to STOXX. Based on the feedback collected, STOXX may alter the index termination decision. For the termination of an index without financial product issued on there will be no market consultation. Changes to the original notification will be communicated in the same manner.

3. ECPI CURRENCY HEDGED INDICES

3.1. OVERVIEW

A currency-hedged index is designed to represent returns for global index investment strategies that involve hedging currency risk, but not the underlying constituent risk. The currency-hedged strategy indices eliminate the risk of currency fluctuations at the cost of potential currency gains.

An investor who will receive payment in a foreign currency at a future date and expects the domestic (hedged) currency to appreciate against that foreign currency, can enter a forward contract to sell the foreign currency in the future at a predefined exchange rate. If, at the maturity of the forward contract, the domestic currency has appreciated against foreign currency, the investor can make a profit by selling the payment proceeds (in foreign currency) at a lower rate than the one prevailing on the market.

While all currency hedged indices are calculated as end-of-day, some may be updated intraday. For the indices updated intraday, only the value of the underlying -unhedged- index is updated, based on its calculation frequency, while the currency rates remain fixed throughout the day. More specifically, the previous day's WM fixings for spot and forward rates are used. The current day's WM fixings for spot and forward rates are only applied in the calculation of the end-of-day index calculation.

3.2. BASIC DATA

Index	ISIN	Symbol
For a full list of indices consult the STOXX Vendor Code Sheet ¹	-	-

¹ <https://www.stoxx.com/data-vendor-codes>

4. ECPI CURRENCY HEDGED INDICES

3.3. CALCULATION

3.3.1. DEFINITIONS

The following definitions will be used throughout the chapter:

H_IDX_t	= Hedged index value on calculation day t.
UH_IDX_t	= Unhedged reference index value (in hedged currency) on calculation day t.
$t=0$	= Last calculation day of preceding month (reset date).
t	= Day of index calculation/number of calendar days since $t=0$.
T	= Number of calendar days in current month.
c	= Number of foreign currencies in the unhedged index.
AF_t	= Notional adjustment factor on calculation day t.
$HR_{c,t}$	= Hedge ratio of currency c on calculation day t.
$HM_{c,t}$	= Hedge multiplier of currency c on calculation day t.
$FX_{c,t}$	= Spot currency rate on calculation day t.
$FF_{c,t}$	= 1-month forward currency rate on calculation day t.
$IFF_{c,t}$	= Interpolated forward currency rate on calculation day t.
R_t	= Return from hedging on calculation day t.

All currency rates are expressed as units of foreign currency c per one unit of domestic (hedged) currency.

The adjustment factor AF_t reflects the changes in the notional value to be hedged between the $t=0$ and t :

$$AF_t = \frac{UH_IDX_t}{UH_IDX_0}$$

The hedge ratio $HR_{c,t}$ can be varied to arrive at index portfolios that are over- or under-hedged to varying degrees. Furthermore, it can be used to hedge multi-currency portfolios.

To fully hedge a multi-currency portfolio, the hedge ratio of each currency is calculated as the sum of weights of the securities quoted in that currency multiplied by the hedge multiplier of the currency to over- or under-hedge the multi-currency portfolio:

$$HR_{c,t} = HM_{c,t} \cdot \sum_{i:ccy_i=c} w_{i,t}$$

The hedge multipliers are set to 1 by default unless otherwise specified.

The interpolated forward currency rate $IFF_{c,t}$ corrects the 1-month forward rate – traded with a fixed 1-month maturity – to reflect the progressively closer expiry ($t=T$) of the hedge. In other words, the interpolated 1-month forward rate linearly converges to the spot rate as $t=T$ approaches:

$$IFF_{c,t} = FX_{c,t} + \left(1 - \frac{t}{T}\right) \cdot (FF_{c,t} - FX_{c,t})$$

From the above definition, it follows that $IFF_{c,0} = FF_{c,0}$ and $IFF_{c,T} = FX_{c,T}$.

4. ECPI CURRENCY HEDGED INDICES

For each currency c , the contribution of hedging to the index return is defined as the product of the relevant hedge ratio by the return on the forward currency trade.

For instance, an investor knows in $t=0$ that she will receive a payment of 1 unit of foreign currency in $t=T$. They could wait and convert it at the then prevailing spot rate $FX_{c,T}$ and obtain $1/FX_{c,T}$ units of domestic currency. Alternatively, they could enter a forward trade in $t=0$ to sell the foreign currency in $t=T$ at $FF_{c,0}$, thus obtaining $1/FF_{c,0}$ units of domestic currency.

The P&L from the forward trade, as compared to a spot conversion, is thus $P\&L_{c, [0,T]} = \frac{1}{FF_{c,0}} - \frac{1}{FX_{c,T}}$.

By expressing the forward trade P&L as percentage of the payment value in domestic currency in $t=0$ and rearranging the terms, the returns on the forward trade can be expressed as $\frac{FX_{c,0}}{FF_{c,0}} - \frac{FX_{c,0}}{FX_{c,T}}$.

The expression for forward trade returns can then be generalized as:

$$R_t = \sum_{c=1}^C HR_{c,t-1} \cdot \left(\frac{FX_{c,0}}{IFF_{c,t-1}} - \frac{FX_{c,0}}{IFF_{c,t}} \right)$$

3.3.2. MONTHLY HEDGED INDEX FORMULA

In the monthly hedged indices, the forward hedge is set up once a month and remains unchanged until the next reset: the currency weights are fixed at each reset, as well as the notional hedge amount.

The monthly currency hedged indices are thus calculated as:

$$H_IDX_t = H_IDX_0 \cdot \left[\frac{UH_IDX_t}{UH_IDX_0} + \sum_{c=1}^C HR_{c,0} \cdot \left(\frac{FX_{c,0}}{FF_{c,0}} - \frac{FX_{c,0}}{IFF_{c,t}} \right) \right]$$

The expression of the monthly indices can also be rewritten as a function of the previous day's value as:

$$H_IDX_t = H_IDX_{t-1} + H_IDX_0 \cdot \frac{UH_IDX_t - UH_IDX_{t-1}}{UH_IDX_0} - H_IDX_0 \cdot AF_0 \cdot \sum_{c=1}^C HR_{c,0} \cdot \left(\frac{FX_0}{IFF_t} - \frac{FX_0}{IFF_{t-1}} \right)$$

Which simplifies to:

$$H_IDX_t = H_IDX_{t-1} + H_IDX_0 \cdot \frac{UH_IDX_t - UH_IDX_{t-1}}{UH_IDX_0} - H_IDX_0 \cdot \sum_{c=1}^C HR_{c,0} \cdot \left(\frac{FX_0}{IFF_t} - \frac{FX_0}{IFF_{t-1}} \right)$$

4. ECPI RISK CONTROL INDICES

4.1. OVERVIEW

A target volatility concept is applied to the ECPI Risk Control Indices. Whereas the risk profile of the underlying index is the uncontrolled outcome of the existing market-cap weighted index concept, the Risk Control Indices controls risk by aiming for a defined target volatility level. In order to control risk, the index shifts between a risk free money market investment and a risky asset (measured by the respective underlying equity index). The indices are calculated on a Total Return basis.

4.2. BASIC DATA

Index	ISIN	Symbol
ECPI Global ESG Recovery 10% Risk Control	CH1487687530	GALPHRRD

4.3. CALCULATION

4.3.1. INDEX FORMULA

The Risk Control Index calculation for each calculation day t is as follows:

$$IV_t = IV_{t-1} \cdot \left[1 + w_{t-1} \cdot \left(\frac{U_t}{U_{t-1}} - 1 \right) + (1 - w_{t-1}) \cdot \left((IR_{t-1}) \frac{ACT(t-1,t)}{360} \right) \right]$$

Where:

IV_t = The value of the Risk Control Index on calculation day t .

IV_{t-1} = The value of the Risk Control Index on the day immediately preceding calculation day t .

w_t = Equity Weight on calculation day t .

w_{t-1} = Equity Weight on the calculation day immediately preceding calculation day t .

U_t = The value of the Underlying Index on calculation day t .

U_{t-1} = The value of the Underlying Index on the calculation day immediately preceding calculation day t .

IR_{t-1} = Interest rate (€STR²) on the day immediately preceding calculation day t ³.

$Act(t-1,t)$ = Number of calendar days between calculation day $t-1$ and calculation day t .

4.3.2. DETERMINATION OF THE TARGET WEIGHT

On any Index Calculation day t , the Target Weight shall be determined as follows:

$$Tgtw_t = \frac{TgtVol}{MaxRealizedVol_{t,(19,21)}}$$

² €STR value published on day $t-1$ in respect of day $t-2$.

³ If the IR used in index calculation on day t is unavailable, then the latest available IR value will be used.

5. ECPI RISK CONTROL INDICES

Where:

TgtVol = The predetermined level of volatility.

Max RealizedVol_{19,21} = The maximum of the realized volatilities measured over 19 and 21 days.

And the realized volatilities are calculated as follows:

$$\text{Realized Vol}_{t,n} = \sqrt{\frac{252}{n} \cdot \sum_{i=0}^{n-1} \left[\ln \left(\frac{STOXX_{t-i}}{STOXX_{t-1-i}} \right) \right]^2}$$

Where: n = 19, 21.

4.3.3. DETERMINATION OF THE EQUITY WEIGHT AND INDEX REBALANCING DAYS

The Equity Weight on the Index Start Date shall be equal to the Target Weight at the Index Start Date:

$$w_0 = \text{Min}(\text{Cap}, \text{Tgt}w_0)$$

On any Index Calculation day t subsequent to the Index Start Date, the Equity Weight shall be determined as follows:

$$w_t = \text{Min}(\text{Cap}, \text{Tgt}w_{t-1})$$

Where:

w_t = Equity Weight on calculation day t.

w_{t-1} = Equity Weight on the calculation day immediately preceding calculation day t.

Tgtw_t = Target Weight on calculation day t.

Tgtw_{t-1} = Target Weight on the calculation day immediately preceding calculation day t.

Cap = The maximum portion that can be given to the risky asset, set to 150%.

5. CHANGES TO THE GUIDE

5.1. HISTORY OF CHANGES TO THE ECPI STRATEGY INDICES METHODOLOGY GUIDE

September 2026: Creation of ECPI Strategy Indices Methodology Guide replacing the following indices as of December 21, 2026: ECPI Global Developed ESG Best in Class Monthly Hedged, ECPI Global Ethical Monthly Hedged, ECPI World ESG Monthly Hedged, ECPI Global ESG Recovery 10% Risk Control