

# ECPI GLOBAL MEGATREND 100 INDEX

RULE BOOK

January 2025  
Version 3.0.3

**ECPI Srl is part of STOXX**

## MARKET REALTY

The ECPI Global Megatrend 100 Equity Index is an equally weighted equity index designed to offer investors exposure to securities within investment themes that cut across traditional industry definitions and geographic boundaries.

## INDEX FAMILY IDENTIFIERS

BLOOMBERG TICKER	REFINITIV RIC	INDEX NAME
GALPHM1P Index	.GALPHM1P	ECPI Global Megatrend 100 Price Index
GALPHM1R Index	.GALPHM1R	ECPI Global Megatrend 100 Total Return Index
GALPHM1N Index	.GALPHM1N	ECPI Global Megatrend 100 Net Return Index
GALPHM1V Index	---	ECPI Global Megatrend 100 Volatility Control Index
GALPHM1W Index	---	ECPI Global Megatrend 100 Volatility Control Index Weight

## INDEX REBALANCING

Semi-Annually, on the Selection Date immediately preceding the relevant Effective Rebalance Date, index constituents are selected in accordance with the index eligibility criteria as new constituents of the index in order to ensure market representation. If the review day falls on a holiday, the subsequent working day will be considered.

REBALANCING TIMETABLE		
TIME REFERENCE	ACTION	WHEN
T <sub>0</sub>	Selection Date of the new constituents	1st Friday of Jan, Jul
T <sub>1</sub>	Equal Weight Reference Date	3rd Monday of Jan, Jul
T <sub>2</sub>	Proforma Period	4 days of Proforma, starting 3rd Monday of Jan, Jul
T <sub>3</sub>	Effective Rebalance Date: the new index is effective	3rd Friday (closing) of Jan, Jul

# EQUITY UNIVERSE

Every six months ECPI reviews the index constituents in order to ensure market representation.

The Macro Megatrends represent the main social, environmental and demographic changes that will impact mankind in the coming decades.

ECPI maintains a universe of stocks that are expected to benefit from the impact of the global macro megatrends; these stocks are grouped under the megatrend they are selected to represent, the so called "Macro Mega Trends".

The stocks are further grouped into coherent baskets ("Underlying Trends") that identify specific aspects of the Macro Mega Trends:

1. **Emerging Markets:**
  - a. Asian Infrastructure
  - b. China consumption
2. **Population Dynamics:**
  - a. Longevity
  - b. Sustainable technology
  - c. Healthcare
  - d. Communication
  - e. Biotech
3. **Scarcity of Resources:**
  - a. Agriculture
  - b. Water
  - c. Commodities
  - d. Livestock
4. **Climate Change:**
  - a. Co2 emissions
  - b. Climate change
  - c. "Eco" real estate
  - d. Clean technologies

To be eligible for inclusion in the ECPI Global Megatrend 100 Equity Index, a stock must satisfy the following criteria (in which case, it will be an "eligible stock"):

## Index Initial Universe:

1. It belongs to the reference Megatrend Stocks Universe as determined above
2. It is listed on a Global Developed Market

### COUNTRY TABLE

Australia	Hong Kong	Portugal
Austria	Ireland	Singapore
Belgium	Israel	Spain
Canada	Italy	Sweden
Denmark	Japan	Switzerland
Finland	Luxembourg	United Kingdom
France	Netherlands	United States
Germany	New Zealand	
Greece	Norway	

3. The issuer of the stock must have a minimum market capitalization of € 3 billion
4. The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 5 million

ESG Investable Universe:

5. Company has a positive ECPI ESG Rating (from E- to EEE).
6. The following Normative & Controversy Screening is applied:
  - o Companies with a poor ESG profile (ESG Rating = F) are excluded.
  - o Companies involved in structural, repetitive, and severe controversies or violations of the:
    - UN Global Compact
    - UN Guiding Principles on Business and Human Rights (UNGPs)
    - OECD Guidelines for Multinational Enterprises (as far as relevant)
    - ILO Conventionsare excluded.
7. Companies involved in “baseline” controversial activities as defined below are excluded from the Investable Equity Universe:
  - a. **Controversial Weapons** (Cluster Bombs, Antipersonnel Landmines, Nuclear Weapons, Biological Weapons): a company producing controversial weapons is considered “Not Eligible” regardless of the amount of revenues generated by the sale of these products.
  - b. **Tobacco**: a company producing tobacco products or products that are instrumental for the sale of tobacco products, or distributing tobacco products, is considered “Not Eligible” if revenues originated from this business activity are greater than 2% of total sales (threshold considered for “Distributors” is 5%).
  - c. **Coal Extraction**: company involved in the mining of coal is considered “Not Eligible” if revenues originated from this business activity are greater than 5% of total sales.
  - d. **Coal Power Generation**: company involved in coal-based electricity generation is considered “Not Eligible” if revenues originated from this business activity are greater than 50% of total sales.

## INDEX SELECTION

The stocks are ranked in decreasing order of market capitalization and the index selects the first 100 highest capitalization Mega Trend stocks under the diversification constraints specified below:

- a. **Country Diversification Criteria** – North America: 50% minimum; Europe: 25% minimum; Asia Pacific: 10% minimum.

- b. **Sector Diversification Criteria** – constituents shall be classified by sector in accordance with the GICS classification. Maximum sector concentration is 20%.
- c. **Liquidity Check** – in order to contain transaction costs and any liquidity related issue that could compromise the effective management of the portfolio, ECPI will analyze the proposed index composition by indicating any relevant liquidity issue and will then adjust the resulting composition.

## BUFFER RULE

In order to control index turnover, the following buffer rule is applied:

At the review date, a constituent will be allowed to remain in the index if its market capitalization rank is within position 130.

## VOLATILITY CONTROL

The Volatility Control Version of the index adopts the algorithm described at page 18-20 to the ECPI Global Megatrend 100 Net Return Index (GALPHM1N).

# Versions

VERSION	EFFECTIVE DATE	CHANGES
3.0.1	30 June 2023	Ungrouping Index Family
3.0.2	1 May 2024	Verification and quality of data
3.0.3	1 January 2025	Exclusion criterion: Coal

**EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY**

Item 1. Name of the benchmark administrator.	STOXX
Item 2. Type of benchmark or family of benchmarks.	Equity
Item 3. Name of the benchmark or family of benchmarks.	ECPI Global Megatrend 100 Equity
Item 4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b>
<p>Item 5. Where the response to Item 4 is positive, please list below, for each family of benchmarks, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816. Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets. The ESG factors shall be disclosed at an aggregated weighted average value at the level of the family of benchmarks.</p>	
(a) List of environmental factors considered:	<p><b>Selection:</b></p> <ul style="list-style-type: none"> <li>• Overall ECPI ESG Rating must be E- or higher</li> </ul> <p><b>Exclusion:</b></p> <ul style="list-style-type: none"> <li>• Companies involved in systematic violations of the UN Global Compact are excluded (ESG Rating = F)</li> <li>• Mining of thermal coal, and coking coal; generation of electricity from coal</li> </ul>
(b) List of social factors considered:	<p><b>Selection:</b></p> <ul style="list-style-type: none"> <li>• Overall ECPI ESG Rating must be E- or higher</li> </ul> <p><b>Exclusion:</b></p> <ul style="list-style-type: none"> <li>• Companies involved in systematic violations of the UN Global Compact are excluded (ESG Rating = F)</li> <li>• Production of controversial weapons (Nuclear, Biological, Chemical, Cluster Munitions, Mines) and/or their essential components</li> <li>• Production of tobacco, products that contain tobacco</li> </ul>
(c) List of governance factors considered:	<p><b>Selection:</b></p> <ul style="list-style-type: none"> <li>• Overall ECPI ESG Rating must be E- or higher</li> </ul> <p><b>Exclusion:</b></p> <ul style="list-style-type: none"> <li>• Companies involved in systematic violations of the UN Global Compact are excluded (ESG Rating = F)</li> </ul>
Hyperlink to the information on ESG factors for each benchmark:	<a href="https://ecpigroup.com/wp-content/uploads/rules/GALPHM1P_Benchmark_Statement.pdf">https://ecpigroup.com/wp-content/uploads/rules/GALPHM1P_Benchmark_Statement.pdf</a>

Item 7. Data and standards used	
<p>(a) Data input. <i>(i) Describe whether the data are reported, modelled or sourced internally or externally.</i> <i>(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</i></p>	<p>Company analyses draw on a range of reliable and publicly available sources to create a transferable, equitable and auditable approach. Where possible, ECPI aims to use objective information that is easily measured and quantified and less subject to bias and opinion. In cases where an indicator is important to capture, but not easily quantifiable, ECPI process works to reduce bias, by identifying clear and unambiguous rules for assigning scores.</p> <p>Sources include:</p> <ul style="list-style-type: none"> <li>• Company annual reports</li> <li>• Company sustainability reports, environmental reports, CSR reports or similar</li> <li>• Company websites</li> <li>• Regulatory data (from the regulators in the country/countries where the company is incorporated and/or listed)</li> <li>• Information providers and search engines</li> <li>• Media and news services (including newsletters from local and international institutions and NGOs).</li> <li>• Screening of company’s participation in international institutions</li> <li>• Screening of company’s certifications</li> <li>• Screening of company’s awards</li> <li>• Thematic websites promoted by international non-profit organizations</li> <li>• Company Investor Relations departments, when necessary. In such cases, we try to obtain written answers in order to be able to store them in the company’s records</li> </ul>
<p>(b) Verification and quality of data. <i>Describe how data are verified and how the quality of those data is ensured.</i></p>	<p>The ESG data is sourced externally, from ECPI, the ESG research provider. ECPI delivers ESG scores and ratings information as well as involvement in controversial sectors of activity and an assessment regarding the UNGC principles. For details on ECPI ESG research, please refer to <a href="#">ECPI ESG Methodology Document</a>.</p> <p>The provider has been selected by the Administrator based on an assessment of its existing processes to ensure the reliability and representativeness of the ESG-related data. The data provider has established processes in accordance with accepted and established market standards that ensure the permanent quality and reliability of the ESG-data provided.</p> <p>The verification and quality of data are checked both externally and internally by automated and manual quality assurance processes.</p> <p>The quality assurance process includes:</p> <ul style="list-style-type: none"> <li>• Systematic peer review for all issuers that are newly assessed</li> <li>• Systematic peer review for all significant changes during the annual update</li> <li>• Periodic spot checks for certain high-risk industries/issue areas by research leads</li> <li>• Periodic data comparison with third-party sources, including government and industry databases</li> </ul>
<p>(c) Reference standards <i>Describe the international standards used in the benchmark methodology.</i></p>	<p>The rating criteria have been developed in accordance with ICCR’s “Principles for Global Corporate Responsibility: Benchmarks for Measuring Business Performance” and is inspired by the principles developed by International Bodies dedicated to Responsible Investment such as UN Global Compact (<a href="http://www.unglobalcompact.org">www.unglobalcompact.org</a>), the Global Reporting Initiative (<a href="http://www.globalreporting.org">www.globalreporting.org</a>) and UN PRI (<a href="http://www.unpri.org">www.unpri.org</a>).</p>
<p>Date on which information has been last updated and reason for the update:</p>	<p>1 January 2025</p>

# CONTACTS

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Bloomberg: ECPS

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