

amLeague Euro50A

(amLeague Enhanced Indices)

Methodology Specification Guide

1. Introduction

This methodology specification guide aims to introduce the constitution's principles and calculation mode of the public amLeague Euro50A Index. As far as general principles are concerned, please consult amLeague methodology guide.

2. Index Objectives

The Index objective stands to propose a Eurozone equities index:

- based on actively managed portfolios up from amLeague proprietary platform
- with a reduced number of maximum 50 securities
- Aiming at producing alpha vs main competitors indices

3. Construction rules and constraints

Actively managed portfolios are either competing into the amLeague Euro Equities Mandate or are 'carve outs portfolios' of other amLeague competition fields (Europe, Global Equities) in order to be compatible with followings:

- | | |
|-----------------------------------|---|
| ▪ Investment Universe: | Only shares members of EUROSTOXX NR or MSCI EMU |
| ▪ Investment Products: | Equities + a cash part below 2% |
| ▪ Permanent Market exposure: | Between 98% and 100% |
| ▪ Currency exposure: | Not applicable – only euro
✓ i.e. no currency hedge |
| ▪ Diversification rule (lines): | The UCITS 5%-10%-40% rules +
✓ 20 as the minimum number of stocks held |
| ▪ Diversification rule (sectors): | Maximum exposure to a Level 1 (ICB) sector must be no more than 35% |

4. Transparent and independent management

4.1. Technical Committee

The management of amLeague Euro50A Index is assigned to a Technical Committee, only composed of amLeague members, as of March 31st, 2019. The technical committee will welcome external members by June 30th, 2019.

Meetings of the committee are held quarterly. The responsibility of the committee is:

- To define the Index management rules, their application and, where applicable, their evolution
- To secure the calculation process

In case of exceptional events, the technical committee may conduct an intermediary meeting. Any exceptional decision modifying the public index will be made available to stakeholders via the amLeague website.

To avoid conflicts of interests, it is recalled that the Technical Committee members base their decisions solely in the interest of the proper functioning of the index.

4.2. Selection criteria

Several approaches are applied and then combined. These approaches are based on the following principles:

- **Filters:** replication agreement with amLeague, more than 1 civil quarter history
- **Selection:** first, the 7 portfolios offering the highest alpha on the previous 9 months, then the 3 portfolios with the lowest tracking error
- **Aggregation:** The weight assigned to the 3 selected portfolios is digressive. In a second step, amLeague reduces proportionally the aggregated portfolio to a number of maximum 50 securities (50 highest weights)
- **Reshuffling Frequency:** the index is reviewed on a quarterly basis (calendar quarter) and enters into force on the 5th market day of January / April / July and October

5. Index construction and managing rules

5.1. Index calculation Formula

The Index is made of the aggregation of all the securities of the 3 selected portfolios with their relative weights.

At the last market date of each quarter, the composition of the Index is rebalanced with the composition and individual weightings of the 3 portfolios with a digressive factor.

$$Q_j = \sum q_{ij} * digressive\ factor$$

Q_j = number of stocks held in the index for the stock j ($j=1, \dots, 300$)

q_{ij} = number of stocks held in the single index portfolio i for the stock j ($i=1, \dots, 3; j=1, \dots, 300$)

Digressive factor: all portfolios are assigned a weight so that the total equals 100%, ie; for 3 portfolios weights are 44.4444%, 33.3333% and 22.2222%

The reduction to the 50 securities with the highest weights is done proportionally by applying the following factor:

$$W = W_s * (W1 + W2) / W1$$

W = weight of security s after reduction W_s

= weight of security s before reduction

$W1$ = total weight of the 50 securities before reduction

$W2$ = total weight of the remaining securities before reduction

5.2. Prices

The portfolios are evaluated daily (close prices). The valuation rules for the Index portfolio are identical. The Index value at date t corresponds to this valuation, based on a 100 value base at inception date.

amLeague Euro50A Index is denominated in Euro.

5.3. Adjustment terms

Adjustments of the Index permit to ensure continuity during intermediary changes.

5.4. Event affecting one component

If a portfolio is no longer active on amLeague, another substitution portfolio will be selected from the amLeague Euro Equities available Portfolios.

6. Publication

Index Name: amLeague Euro50A

Index Mnemonic: EURO50A

Inception date: 100 on March 31st, 2011

Currency: EUR

Publication:

- Historical values of the Index and its last composition are available (free) via amLeague's website.
- the detailed composition of the amLeague Euro50A Index with securities weights is only available to licensees.