

# MSCI EUROZONE AND GREECE 70/30 SELECT 5% DECREMENT INDEX METHODOLOGY

March 2024

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## 1. Introduction

The MSCI Eurozone and Greece 70/30 Select 5% Decrement Index (the “Index”) aims to represent the performance of the composite Index constructed by combining the MSCI EMU Select Profitability Leaders Index and the MSCI Greece IMI Index (“Component Indexes”) in a pre-determined weighted proportion, while applying a constant markdown (‘synthetic dividend’) expressed in percentage terms as per the MSCI Decrement Indexes Methodology<sup>1</sup>.

The MSCI EMU Select Profitability Leaders Index is based on the MSCI EMU Select Profitability Leaders Indexes Methodology<sup>2</sup>.

The MSCI Greece IMI Index is based on the MSCI Global Investable Market Indexes Methodology<sup>3</sup>.

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<sup>1</sup> Please refer to the MSCI Decrement Indexes methodology at [www.msci.com/index/methodology/latest/Decrement](http://www.msci.com/index/methodology/latest/Decrement)

<sup>2</sup> Please refer to the MSCI EMU Select Profitability Leaders Indexes methodology at [www.msci.com/index/methodology/latest/EMUSelProfitLeaders](http://www.msci.com/index/methodology/latest/EMUSelProfitLeaders).

<sup>3</sup> Please refer to the MSCI Global Investable Market Indexes methodology at [www.msci.com/index/methodology/latest/GIMI](http://www.msci.com/index/methodology/latest/GIMI).

## 2. Constructing the Index

### 2.1 Eligible Universe

All constituents of the Component Indexes (i.e. MSCI EMU Select Profitability Leaders Index and MSCI Greece IMI Index) are included in the Index.

### 2.2 Security Selection and Weighting

The Index is constructed by combining the weights of the constituents in MSCI EMU Select Profitability Leaders Index and the MSCI Greece IMI Index, in proportion specified in the table below. In between two Index Reviews, the weights of securities in the Index may fluctuate according to market movements.

Component No.	Component Name	Component Weight (%)
1.	MSCI EMU Select Profitability Leaders Index	70%
2.	MSCI Greece IMI Index	30%

### 2.3 Determining the Weights of Constituents of the Index

The weight of each security in the Composite Index is determined based on:

- the security's weight in each underlying Component Index.
- the weight of each underlying Component Index in the Composite Index

Security weights can be calculated as follows:

$$W_{Sec_i}^{CI} = \sum_{C_j} W_{C_j}^{CI} \times W_{Sec_i}^{C_j}$$

Where:

- $W_{Sec_i}^{CI}$  is the weight of security  $Sec_i$  in the Composite Index.
- $W_{Sec_i}^{C_j}$  is the weight of security  $Sec_i$  in the Component Index.
- $W_{C_j}^{CI}$  is the target weight of the Component Index  $C_j$  in the Composite Index.

The ongoing maintenance of the Composite Index consists of three steps:

- Calculation of Securities' Full Market Cap Adjustment Factor within each Component Index.
- Calculation of the Component Index Constraint Factor for each Component Index.
- Calculation of Securities' Full Market Cap Adjustment Factor for Composite Index.

### 2.3.1 Calculation of the Securities' Full Market Cap Adjustment Factor within each Component Index

The Full Market Cap Adjustment Factor (FMCAF) for each security in each Component Index is calculated as per their respective methodology.

### 2.3.2 Calculation of the Component Index Constraint Factor

The Component Index Constraint Factor is calculated for each Component Index as follows:

$$CCF_{C_j}^{CI} = \frac{W_{C_j}^{CI}}{\left( \frac{IndexMcap_{C_j}}{\sum_{C_j} IndexMcap_{C_j}} \right)}$$

Where:

- $W_{C_j}^{CI}$  is the target weight of the Component Index  $C_j$  in the Composite Index.
- $CCF_{C_j}^{CI}$  is the Component Index Constraint Factor of the Component Index  $C_j$ .
- $IndexMcap_{C_j}$  is the Index Market Capitalization of the Component Index  $C_j$ .

### 2.3.3 Calculation of the Securities' Full Market Cap Adjustment Factor for Composite Index

The Full Market Cap Adjustment Factor for each security in the Composite Index is then calculated as follows:

$$FMCAF_{Sec_i}^{CI} = \sum_{C_j} CCF_{C_j}^{CI} \times FMCAF_{Sec_i}^{C_j}$$

Where:

- $CCF_{C_j}^{CI}$  is the Component Index Constraint Factor of the Component Index  $C_j$ .
- $FMCAF_{Sec_i}^{CI}$  is the Full Market Cap Adjustment Factor of security  $Sec_i$  in the Composite Index.
- $FMCAF_{Sec_i}^{C_j}$  is the Full Market Cap Adjustment Factor of security  $Sec_i$  in the Component Index  $C_j$ .

## 2.4 Applying the MSCI Decrement Indexes Methodology

The MSCI Decrement Indexes Methodology is applied on the Composite Index using the parameters mentioned in Appendix I, to construct the MSCI Eurozone and Greece 70/30 Select 5% Decrement Index.

## 3. Maintaining the Index

### 3.1 Quarterly Index Reviews

The Index is rebalanced on a quarterly basis, usually as of the close of the last business day of February, May, August, and November, coinciding with the regular Index Reviews of the MSCI Global Investable Market Indexes.

### 3.2 Ongoing Event Related Changes

Corporate Events are reflected in Index as they occur and as they are captured in either of the two Component Indexes.

Further detail and illustration regarding specific treatment of corporate events relevant to this Index can be found in the MSCI Corporate Events Methodology book under the sections detailing the treatment of events in Capped Weighted and Non-Market Capitalization Weighted indexes and in Section 3.2 of MSCI EMU Select Profitability Leaders Indexes Methodology.

The MSCI Corporate Events methodology book is available at:

<http://www.msci.com/index/methodology/latest/CE>

Appendix 1: Parameters used for the MSCI Decrement Indexes  
Methodology

The following parameters are used in the calculation of the Decrement Index.

	MSCI Decrement Indexes Methodology Parameters	Parameters
1	Currency of Calculation	EUR
2	Return Variant of the Parent Index	Net
3	Decrement Type	Fixed Percentage
4	Decrement Application	Geometric
5	Decrement Value	5%
6	Day-count Convention	Actual / 365
7	Index Floor	0
8	Decrement Frequency	Daily

## Appendix 2: Methodology Set

The Indexes are governed by a set of methodology and policy documents (“Methodology Set”), including the present index methodology document as mentioned below:

- Description of methodology set – <https://www.msci.com/index/methodology/latest/ReadMe>
- MSCI Index Calculation Methodology – <https://www.msci.com/index/methodology/latest/IndexCalc>
- MSCI Corporate Events Methodology – <https://www.msci.com/index/methodology/latest/CE>
- MSCI Fundamental Data Methodology – <https://www.msci.com/index/methodology/latest/FundData>
- MSCI Index Glossary of Terms – <https://www.msci.com/index/methodology/latest/IndexGlossary>
- MSCI Index Policies – <https://www.msci.com/index/methodology/latest/IndexPolicy>
- MSCI Global Investable Market Indexes Methodology – <https://www.msci.com/index/methodology/latest/GIMI>
- MSCI Global Industry Classification Standard (GICS) Methodology – <https://www.msci.com/index/methodology/latest/GICS>
- MSCI EMU Select Profitability Leaders Indexes methodology – [www.msci.com/index/methodology/latest/EMUSelProfitLeaders](https://www.msci.com/index/methodology/latest/EMUSelProfitLeaders)
- MSCI Decrement Indexes Methodology – <https://www.msci.com/index/methodology/latest/Decrement>

The Methodology Set for the Indexes can also be accessed from MSCI’s webpage <https://www.msci.com/index-methodology> in the section ‘Search Methodology by Index Name or Index Code’



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