

# **Bloomberg Europe Top Energy Decrement Index Methodology**

March 2024

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## Introduction

The Bloomberg Europe Top Energy Index is designed to represent the largest ten companies by float market capitalization in the European Developed Markets. A company's sector allocation is defined per Bloomberg BICS Level 1 classifications.

The Bloomberg Europe Top Energy Decrement 50 Point Index, Bloomberg Europe Top Energy Decrement 5% Index and Bloomberg Europe Top Energy Decrement 5% II Index are designed to represent the performance of the Bloomberg Europe Top Energy Index from which a predetermined fee is withdrawn on daily basis. The predetermined fee is in the form of index points or index percentage deducted from the underlying Total Return Index and Net Return Index respectively.

## Section 1: Overview

Name	Bloomberg Europe Top Energy Index			Bloomberg Europe Top Energy Decrement Indices	
Ticker	EUNTJP Index	EUNRJT Index	EUNRJN Index	EUNRJE Index	EUNRJPT2 Index
Return Type	Price Return	Total Return	Net Return	Decrement 5%	Decrement 50 Points
Inception Date	March 18, 2022				Jan 2024
Currency	EURO				
Base Date	March 30, 2015				
Publication	Weekdays				

The below table shows the parameters applied to calculate the Bloomberg Europe Top Energy Decrement 50 Point Index, the Bloomberg Europe Top Energy Decrement 5% Index, and the Bloomberg Europe Top Energy Decrement 50 Points II Index.

Decrement Index Ticker	Decrement Index Name	Decrement Type	Decrement Point	Index Base Date	Index Base Value	Underlying Index Ticker	Underlying Index	Underlying Index Currency	Day Count Convention
EUNRJE	Bloomberg Europe Top Energy Decrement 5% Index (EUR)	Fixed Percentage	5%	30-Mar-15	1000	EUNRJN	Bloomberg Europe Top Energy Net Return Index (EUR)	EUR	365
EUNRJPT2	Bloomberg Europe Top Energy Decrement 50 Points II Index (EUR)	Fixed Point	50	30-Mar-15	892.82	EUNRJT	Bloomberg Europe Top Energy Total Return Index (EUR)	EUR	365

## Section 2: Eligibility

### Parent Index

In order to be eligible for the Bloomberg Europe Top Energy Index, a security must be a member of the Bloomberg Europe Developed Market Large, Mid & Small Cap Universe.

## Section 3: Index Construction Process

### Index Selection Process

In order for a security to be included in the Index, it must satisfy the following conditions:

1. Bloomberg Europe Developed Market Large, Mid & Small Cap Universe
2. Have an Energy sector classification as defined by the Bloomberg BICS Level 1 classification data

The BICS eligible securities are then grouped at their company level and sorted by their company free float market capitalization. The top 10 companies are then selected to represent the basket.

\*More than 10 securities may represent the basket\*

### Index Weighting

A security's weight is determined by its Free Float Market Capitalization such that:

$$W_i = \frac{FMC_i}{\sum_1^M FMC_i}$$

Where:

$W_i$	Initial weight of security i
M	Number of Index Members
$FMC$	Free Float Market Capitalization of security i

### Index Rebalance and Reconstitution

As per WAGGE Schedule, the index will reconstitute and rebalance quarterly.

The Index members' pro-forma weights are calculated based on the securities' closing market price as of the Free-Float Fixing Day.

#### *Index Reconstitution Selection Dates*

As per WAGGE schedule i.e. Last Wednesday of January, April, July and October.

#### *Index Reconstitution Announcement Dates*

The Index reconstitutions are announced 10 days prior to the Index Reconstitution Effective Dates.

#### *Index Reconstitution Effective Dates*

As per WAGGE schedule i.e., 2<sup>nd</sup> Wednesday of March, June, September and December.

#### *Index Rebalance Selection Dates*

As per WAGGE schedule i.e. Last Wednesday of January, April, July and October.

### *Index Rebalance Announcement Dates*

The Index rebalance changes are announced 10 days prior to the Index Rebalance Effective Dates.

### *Index Rebalance Effective Dates*

As per WAGGE schedule i.e., 2<sup>nd</sup> Wednesday of March, June, September and December.

## **Section 4: Index Maintenance**

### **Index Calculation**

For more information regarding the decrement return calculations, please refer to the [Bloomberg Decrement Index Methodology](#).

Refer to the [Bloomberg Global Equity Indices Methodology](#) for total return index calculation details.

### **Deletion Policy**

Index securities are not deleted outside of the quarterly Index Reconstitution except in the case of a delisting.

### **Addition Policy**

Index securities are not added outside of the Index reconstitution.

- IPOs that qualify to be fast tracked to the underlying parent universe are not added to the Index.
- Child being spun-off from an Index member is added on the ex-date and is removed from the Index at the open of the 5th trading from the ex-date, regardless of if it qualifies to be part of the Parent Universes.

### **Replacement Policy**

Index securities are not replaced outside of the Index reconstitution.

### **Corporate Actions**

Refer to [Bloomberg Global Equity Indices Non-Market Cap Corporate Action Methodology](#) for the treatment of corporate actions.

## Appendix I: Governance and Disclosure

### Limitations of the Index

Although each Index is designed to be representative of the market it measures or otherwise align with its stated objective, it may not be representative in every case or achieve its stated objective in all instances. The Index is designed and calculated strictly to follow the rules of this methodology, and any Index Values or other output is limited in its usefulness to such design and calculation.

Markets can be volatile, including those market interests that the Index measures or upon which the Index is dependent to achieve its stated objective. For example, illiquidity can have an impact on the quality or amount of data available to the administrator for calculation and may cause the Index to produce unpredictable or unanticipated results.

In addition, market trends and changes to market structure may render the objective of the Index unachievable or to become impractical to replicate by investors.

In particular, the indices measure global equity markets. As with all equity investing, the indices are exposed to market risk. The value of equities fluctuate with the changes in economic forecasts, interest rate policies established by central banks and perceived geo-political risk. The indices do not take into account the cost of replication and as a result a tracking portfolio's returns will underperform the Index with all else equal. As the indices are designed to measure those markets, they could be materially impacted by market movements, thus significantly impacting the use or usefulness of the fixings for some or all users.

In addition, certain Sub-Indices may be designed to measure smaller subsets of the indices (e.g. such as specific styles, size, and sector). Some of these Sub-Indices have very few qualifying Index Member and may have none for a period of time. During such a period, the Sub-Index will continue to be published at its last value, effectively reporting a 0% return, until new securities qualify. If no securities are expected to qualify (due to changes in market structure and other factors), the Sub-Index may be discontinued. In such an event, this discontinuation will be announced to Index users.

### Benchmark and Governance

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

### Index and Data Reviews

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

### Expert Judgment and Discretion

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

### Conflicts of Interest

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

### Restatement Policy

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

### Cessation Policy

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

## Appendix II: ESG Disclosure

<b>EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY</b>	
<b>Item 1.</b> Name of the benchmark administrator.	Bloomberg Index Services Limited ("BISL")
<b>Item 2.</b> Type of benchmark or family of benchmarks. <i>Choose the relevant underlying asset from the list provided in Annex II to Commission Delegated Regulation (EU)2020/1816.</i>	Equity
<b>Item 3.</b> Name of the benchmark or family of benchmarks.	Bloomberg Europe Top Energy Decrement Indices
<b>Item 4.</b> Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	No
<p><b>Item 5.</b> 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.</p> <p>Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets.</p> <p>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:	Not applicable
(b) List of social factors considered:	Not applicable
(c) List of governance factors considered	Not applicable
<p><b>Item 6.</b> Where the response to Item 4 is positive, please list below, for each benchmark, 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, depending on the relevant underlying asset concerned.</p> <p>Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets.</p> <p>The ESG factors shall not be disclosed for each constituent of the benchmark, but shall be disclosed at an aggregated weighted average value of the benchmark.</p> <p>Alternatively, all of this information may be provided in the form of a hyperlink to a website of the benchmark administrator included in this explanation. The information on the website shall be easily available and accessible. Benchmark administrators shall ensure that information published on their website remains available for five years.</p>	
(a) List of environmental factors considered:	As above
(b) List of social factors considered:	As above
(c) List of governance factors considered:	As above
<b>Item 7.</b> Data and standards used	
(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>	Not Applicable
(b) Verification and quality of data. <i>Describe how data are verified and how the quality of those data is ensured.</i>	Not Applicable
(c) Reference standards <i>Describe the international standards used in the benchmark methodology.</i>	N/A
<b>Date on which information has been last updated and reason for the update:</b>	March 2024

**Appendix III: Methodology Book Changes**

<b>Date</b>	<b>Update</b>
March 2022	Index creation
January 2024	Second Decrement 50 Points Index launched
March 2024	Removal of references to the Bloomberg Europe Top Energy Decrement 50 Points Index (EUR) - EUNRJPT Index



## Accessing the Data

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Bloomberg Terminal®	<p>Bloomberg indices are the benchmarks of choice for capital markets investors.</p> <ul style="list-style-type: none"> <li>• IN &lt;GO&gt; - The Bloomberg Index Browser displays the latest performance results and statistics for the indices as well as history. IN presents the indices that make up Bloomberg's global, multi-asset class Index families into a hierarchical view, facilitating navigation and comparisons. The "My Indices" tab allows a user to focus on a set of favorite indices.</li> <li>• PORT &lt;GO&gt; - Bloomberg's Portfolio &amp; Risk Analytics solution includes tools to analyze the risk, return, and current structure of indices. PORT includes tools to analyze performance of a portfolio versus a benchmark as well as models for performance attribution, tracking error analysis, value-at-risk, scenario analysis, and optimization.</li> <li>• DES &lt;GO&gt; - The Index description page provides transparency into the current and projected Index universe including membership information, aggregated characteristics and returns, and historical data.</li> </ul>
Bloomberg Indices Website <a href="https://www.bloomberg.com/bloombergindices">bloomberg.com/bloombergindices</a>	<p>The index website makes available limited Index information including:</p> <ul style="list-style-type: none"> <li>• Index methodology and factsheets</li> <li>• Current performance numbers for select indices</li> </ul>
Index Licensing	<p>Bloomberg requires an index data license for services and products linked to the indices. Examples include:</p> <ul style="list-style-type: none"> <li>• Exchange-traded index products</li> <li>• OTC products</li> <li>• Index or constituent-level redistribution</li> <li>• Custom index solutions</li> </ul>

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