



# ECPI ITALY SMES EQUITY INDEX

The Index selects 30 small/medium cap companies listed on Italian market with a high liquidity and a positive ESG Rating according to ECPI Screening Methodology

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## ECPI: THE BACKGROUND

ECPI is an independent financial advisor based in Milan, with offices in London and Luxembourg, serving Corporates and Investors with a fully-fledged advisory activity range.

ECPI is dedicated to ESG Research, Rating and Indices, and has been active in integrating Intangible Value/Non-traditional Risk Factor Research e.g. "ESG" (Environmental, Social and Governance), with mainstream quantitative financial analysis since 1997.

ECPI produces ESG/Risk Ratings on traditional and innovative asset classes such as Equity and Credit Portfolios, CDOs, Hedge Funds, and a full range of Beta and Alpha Market Indices (ECPI® Index Family). Worldwide clients are major international Investment Banks, Retail and Private Banks, Asset Managers, Insurance companies, Foundations, Pension Funds and other institutional investors.

## ESG SCREENING (Environmental, Social and Governance)

ECPI methodology is already a well recognized investment tool able to select investment exposures out of a wide range of opportunities in the financial markets.

In SRI world such methodology is based on the exclusions of a list of ineligible sectors and on the assessment of the intangible value of corporate good behavior.

In ESG world the methodology is based an enhanced Positive-Only screening selection with tested outcomes in terms of Alpha creation.

The 100+ Positive Criteria that have been used can be grouped into:

- Product Process
- Environmental Impact
- Community Relations
- Diversity
- Human Resources
- Opportunistic Cross Border operations
- Balance Sheet Transparency
- Corporate Governance Initiatives

A stock selection of Italian medium small capitalized and "ESG rated" candidates has been chosen as the component list of a new ECPI Index: **The ECPI® ITALY SMEs INDEX**

## INDEX CONSTRUCTION

The ECPI Italy SMEs is made of 30 small medium market capitalized and positive alpha rated companies quoted on the Italian Market.

The index is capitalization weighted and the financial constraints applied are the following:

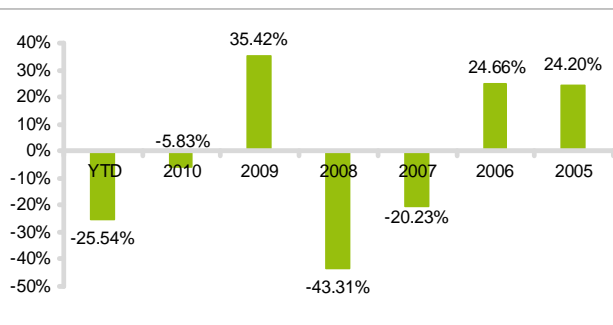
- Min Cap: EUR 300 mio
- Min ADV (6 months): EUR 1 Mio



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Number of Constituents  
 Eligibility Monitoring  
 Component Weights  
 Component Minimum Market Cap  
 Minimum 6 months ADV  
 Index Rebalancing Frequency  
 Currency of Calculation  
 Average Market Cap (EUR bio)  
 Largest Market Cap (EUR bio)  
 Smallest Market Cap (EUR bio)  
 Highest Index Value (since 2003)  
 Lowest Value (since 2003)

**30**  
**Daily**  
**Cap Weighted**  
**EUR 300 mil**  
**EUR 1 mil**  
**Semi Annual**  
**EURO**  
**0.87**  
**1.86**  
**0.15**  
**2457.32**  
**728.26**



Average	Annualized Volatility
Since 2003	<b>18.84%</b>

Fundamental Analysis	P/E Trailing	P/E Projected	P/B	P/S	P/CF	Dividend Yield
	11.50	5.66	0.48	0.17	2.50	4.61

Sector	
Communications	<b>8.30%</b>
Consumer, Cyclical	<b>19.13%</b>
Consumer, Non-cyclical	<b>12.52%</b>
Diversified	<b>5.59%</b>
Energy	<b>13.14%</b>
Financial	<b>9.26%</b>
Industrial	<b>19.50%</b>
Utilities	<b>12.57%</b>



Index Summary			
Asset Class	Equity	Bond	Alternative
Investment Objective	Beta	Alpha	Income
Constituents	Large Caps	Medium Caps	Small Caps
Screening	Positive	Negative	Both
Bias	Geographical	Industry	Quantitative

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## DEFINITIONS

**P/E trailing:** Current price/index earnings. Index earnings are calculated by summing up the trailing 12 months EPS before XO items of the member companies multiplied by the shares in the index and divided by the index divisor. US and Canada: calculated using trailing 12 month diluted EPS from continuous operations of each member.

**P/E projected:** Current price/index projected earnings. Index projected earnings are calculated by summing all members' best EPS in FY1 multiplied by shares in the index and divided by the index divisor.

**P/B:** Current price/index weighted book value. Index weighted book value is calculated by summing up current book value per share of the member companies, multiplied by the shares in the index and divided by the index divisor.

**P/S:** Current price/index sales. Index sales are calculated by summing up all trailing 12 month sales per share, multiplied by shares in the index and divided by the index divisor.

**P/CF:** Current price/index cash flow. Index cash flow is calculated by summing up the trailing 12 month cash flow per share of the member companies, multiplied by the shares in the index and divided by the index divisor.

**Dividend Yield:** Index dividend/current price. Index dividend is calculated by taking the sum of all members' last 12 month dividends, multiplied by shares in the index and divided by the index divisor. Market convention dividends use gross dividends except for Australia, New Zealand, and the United Kingdom, which use net.

Fundamental Data Source: Bloomberg

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