



Index trends and an update from Europe

Peter Wölger, Regional Director. Stockholm 12 September 2007

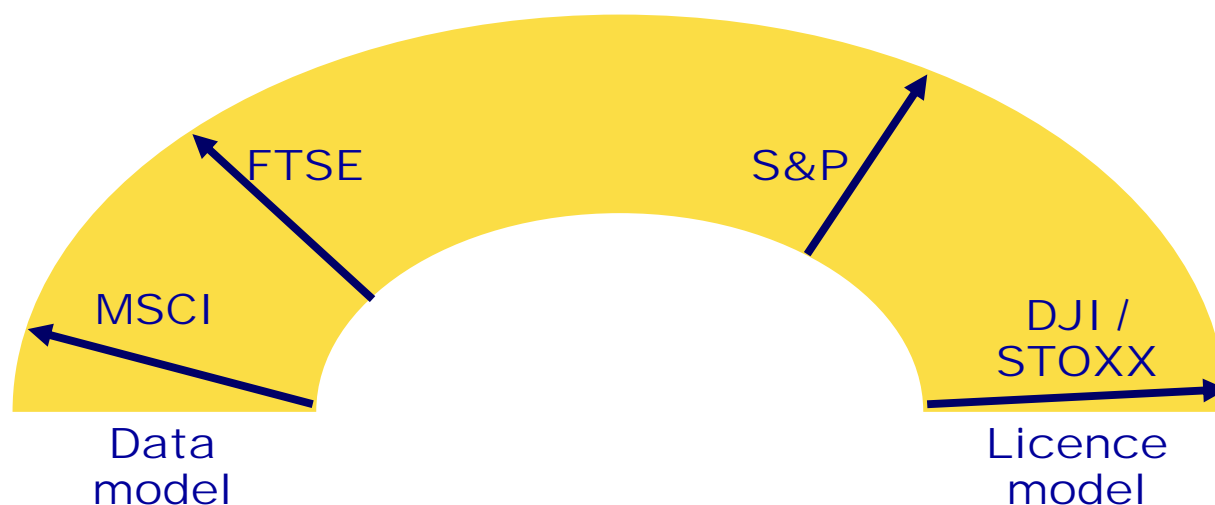
- **Indexing**
 - What is an index?
 - Business models.

- **Indexing in 3D**
 - Making equity markets accessible.
 - Weighting Schemes.
 - Growth in index-linked investments.

- **Themes & trends**
 - Popular strategies and trends.
 - Performance.
 - Customised Indices.
 - Requests from the Nordics and Europe.

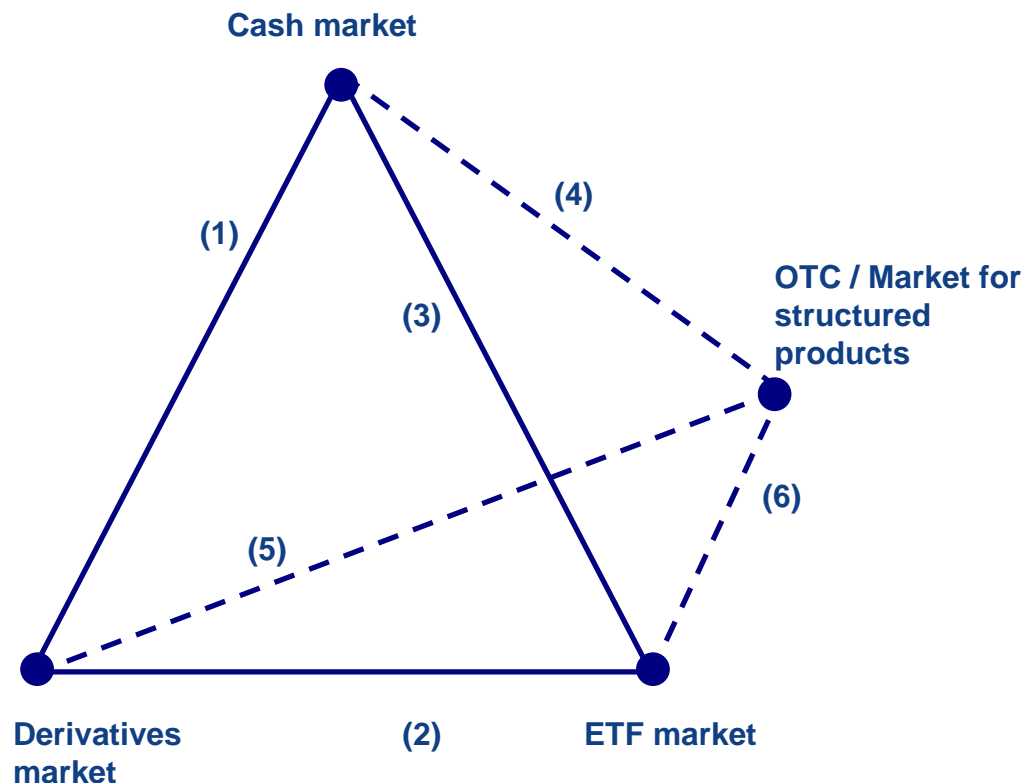
- **Contacts**

- A statistical measure of change in an economy or a securities market.
- An index is usually expressed in terms of a change of a base value.
- Investments go into a security such as an index fund or Exchange Traded Fund that attempts to track an index as closely as possible.

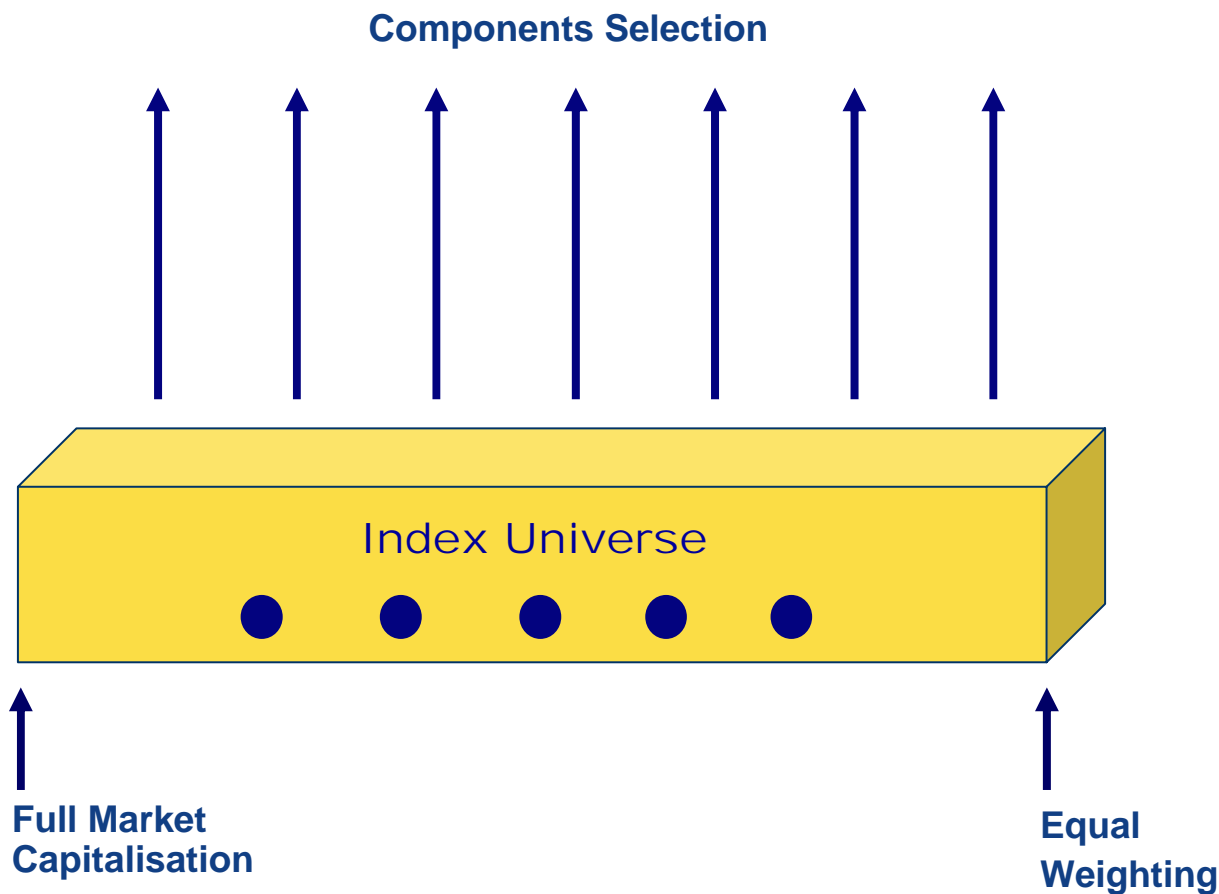


- **‘Traditional’ data model:**
 - Relies almost only on data sales, for example composition of indices, monthly performance tables, announcements of capital events, ...
 - Extremely opaque.
 - Hidden costs.
- **‘New’ licence model:**
 - Bestowing of licences for IP rights, brand names and methodologies for customers as a basis for financial products.
 - Main goal: availability of finance products on the market.
 - Transparent data politics and calculable data management.

▪ Liquidity pyramid



- Primary arbitrage and hedging opportunities without ETFs: 1 option only: (1).
- Primary arbitrage and hedging opportunities with ETFs: 3 options: (1), (2) and (3).
- A vibrant OTC / Structured Product market helps to increase liquidity and arbitrage opportunities: (1)-(6).
- DJI / DJ STOXX has exchange listed products – both ETFs and derivatives – as well as OTC products for most of its indices licensed.



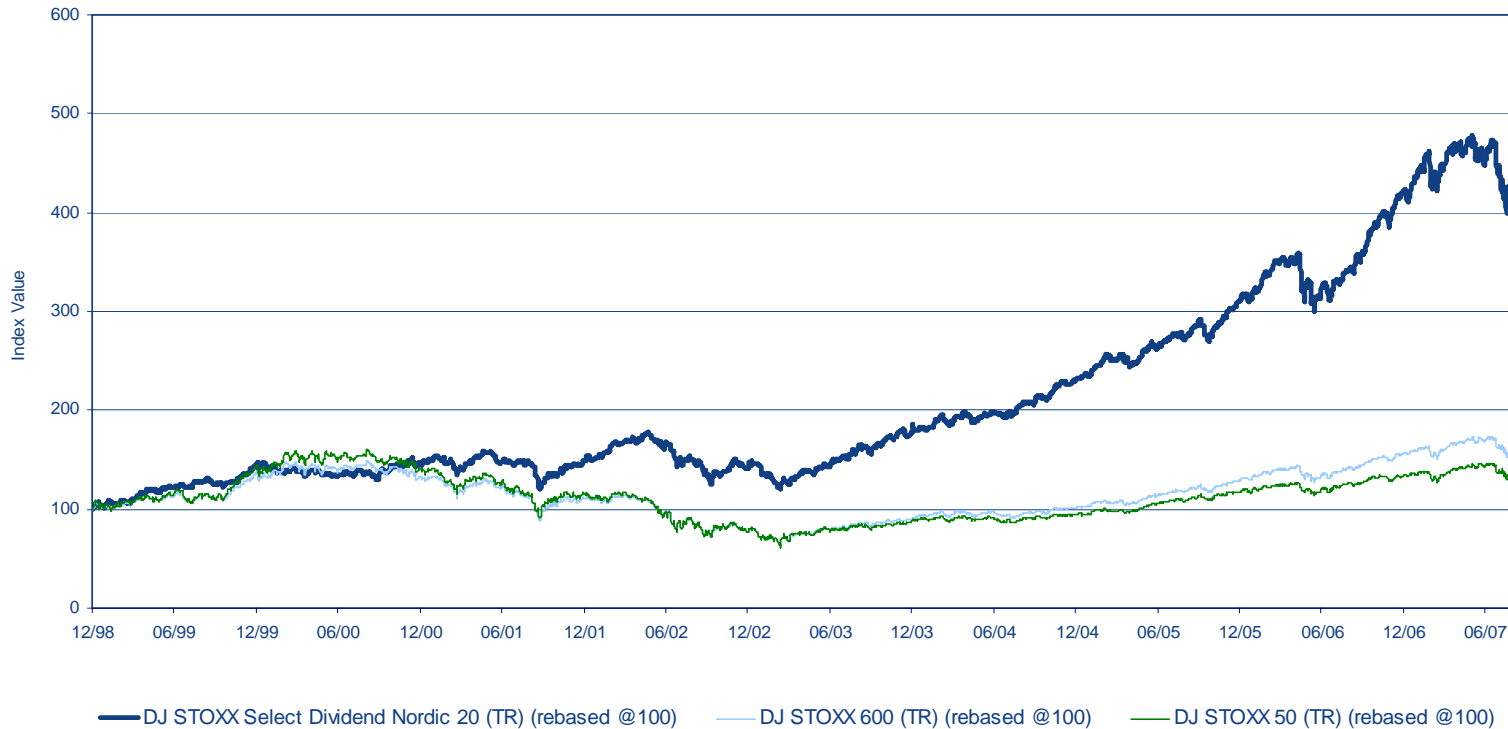
- In-between are variations, i.e., (●)
 - Free float market capitalisation.
 - Price-weighted.
 - Capped market capitalisation.
 - Dividend-weighted.
- Weighting schemes are combined with specific component selection methodologies.

- **What is driving this growth?**
 - Volatile stock markets.
 - Need for diversity/uncorrelated investments.
 - Price pressure.
 - Need for new asset classes.

- **Growing demand for innovative index concepts**
 - Dividends.
 - Strategy concepts based on the DJ EURO STOXX 50 Index:
 - VSTOXX, DJ EURO STOXX 50 BuyWrite, DJ EURO STOXX 50 Leveraged and Short indices.
 - DJ STOXX and DJ EURO STOXX Strong Growth and Strong Value indices.
 - DJ STOXX IPO indices.
 - DJ STOXX Private Equity 20 Index.
 - DJ STOXX Sustainability indices (Launched in cooperation with STOXX Ltd./Dow Jones Indexes and SAM Group).

Index trends and an update from Europe – Performance.

DJ STOXX Select Dividend Index vs. DJ STOXX Blue Chips and Benchmark Indices

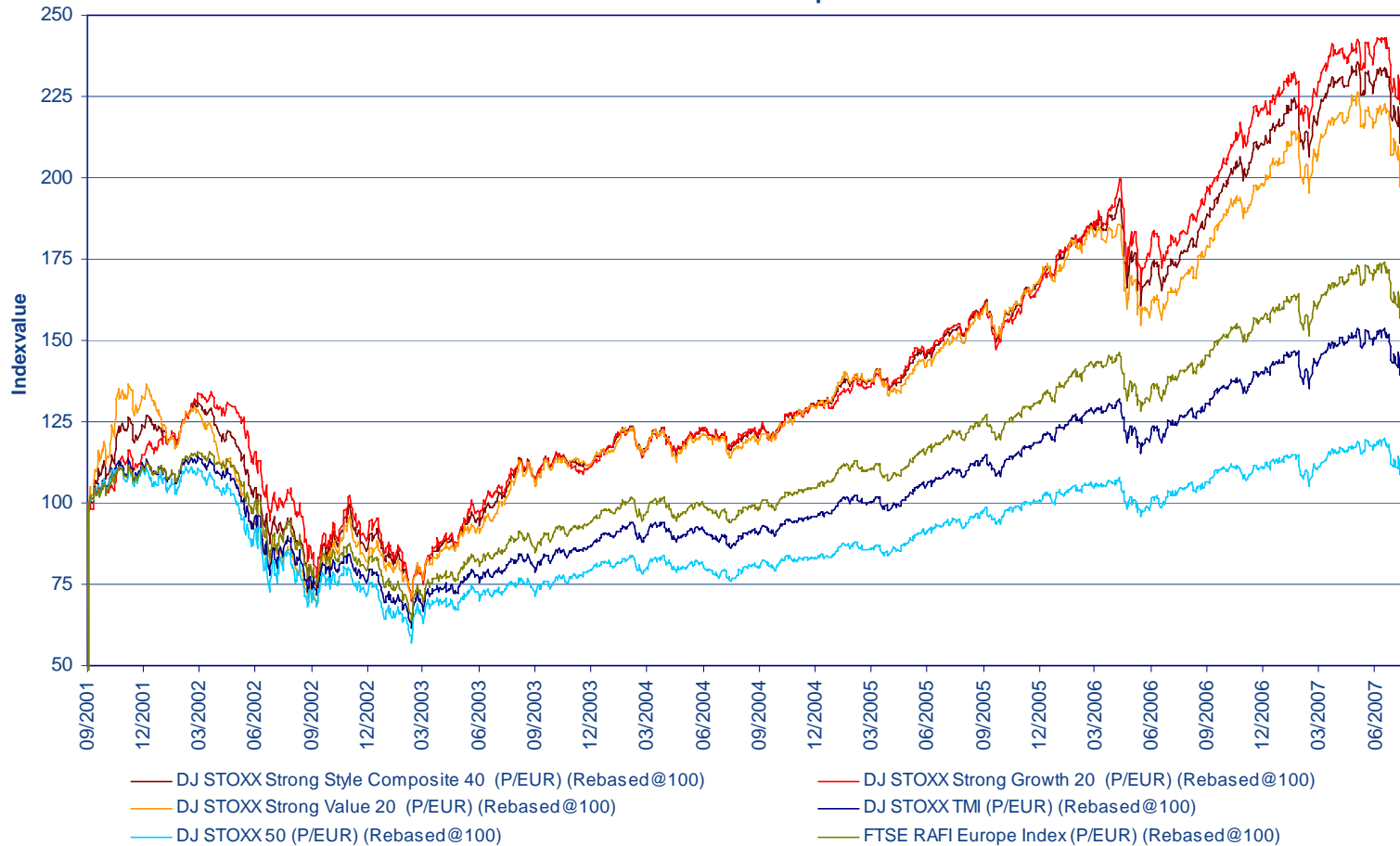


Performance since	DJ STOXX 600 (TR)	DJ STOXX 50 (TR)	Dividend Nordic 20 (TR)
30.12.98	63.46%	38.79%	338.98%
30.12.02	110.93%	79.50%	210.42%
29.12.06	5.15%	4.44%	4.52%

Annualised Performance since	DJ STOXX 600 (TR)	DJ STOXX 50 (TR)	Dividend Nordic 20 (TR)
30.12.98	5.75%	3.80%	18.32%
30.12.02	17.07%	13.15%	27.02%
29.12.06	7.66%	6.59%	6.71%

Index trends and an update from Europe – Performance.

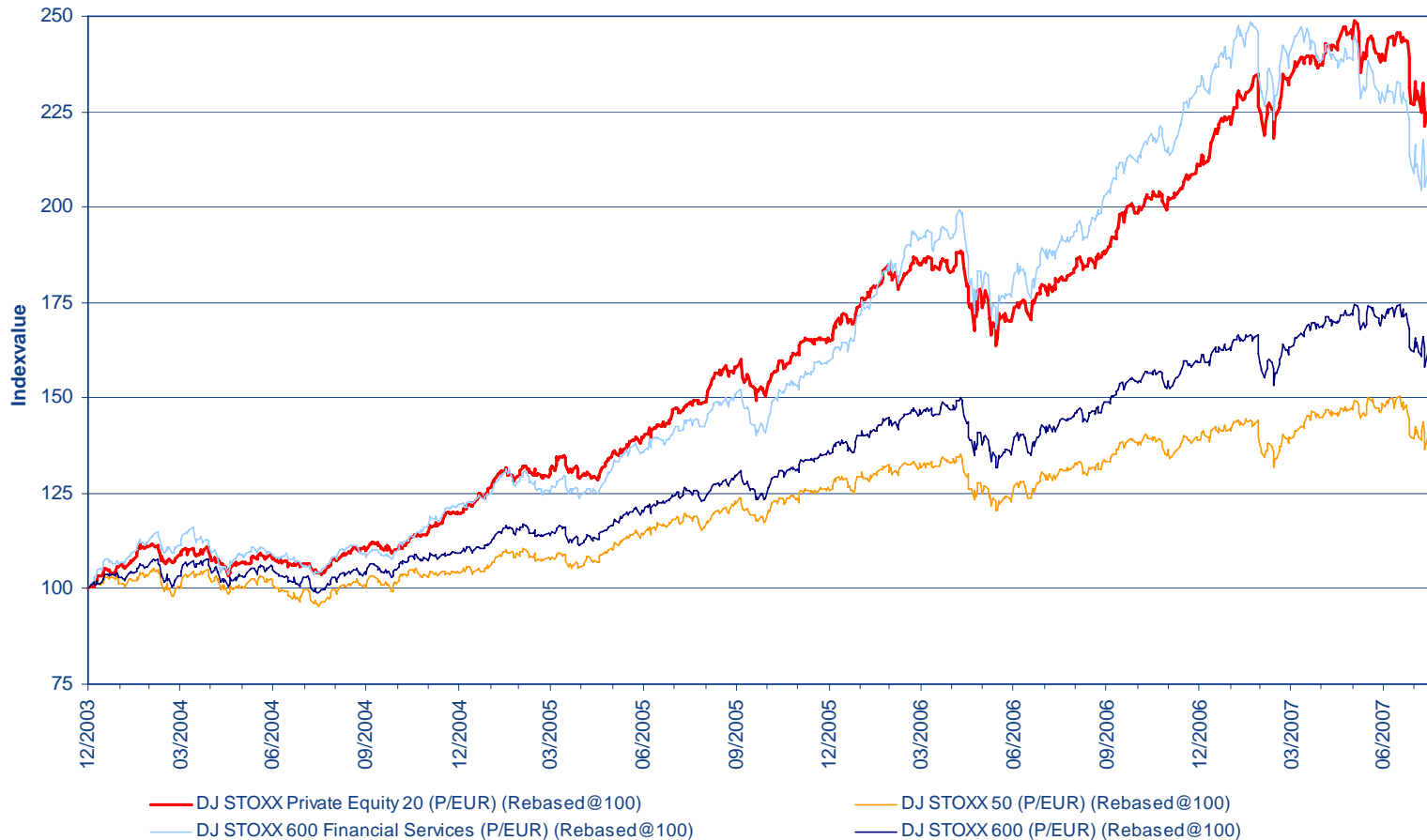
Performance Europe



- The DJ STOXX Strong Style Composite 40 (P/EUR) Index outperformed the DJ STOXX 50 (P/EUR) Index by 111.24% since Sep. 2001, i.e. an annualised performance of 13.91% vs. 2.02% since inception.

Index trends and an update from Europe – Performance.

DJ STOXX Private Equity 20



- The DJ STOXX Private Equity 20 (P/EUR) Index outperformed the DJ STOXX 50 (P/EUR) Index by 81.65% since Jan. 2004, i.e. an annualised performance of 23.91% vs. 9.48% since inception.

- **A Customised Index is tailor-made to a client's needs.**
- **Who can/could/should use Customised Indices?**
 - Investment managers.
 - Banks.
 - Insurance companies.
 - ETF providers.
 - Pension fund managers.
 - Pension funds.
 - Corporates.

- **Why customised?**
 - Legal risk and liability issue.
 - Reputational risk.
 - Not core business.
 - Branding.
 - Costs.

- **Nordics**
 - Dividends.
 - Sustainability ex-Pornography.
 - Hedged indices (not provided for official indices).
 - 'Green indices' i.e. Sustainability (of sorts).
 - Customised Indices.

- **Europe**
 - Renewable energy.
 - Alternative energy.
 - Solar.
 - 'Ethical' indices.
 - Stemcell index (subsector to Biotechnology).
 - Combined indices (combination of existing official indices).
 - Customised Indices.

- **Previous Customised Indices**
 - Timber (15 Globally).
 - Water.
 - Uranium.
 - Private Equity (with specific methodology).

Thank you!

Index trends and an update from Europe – Contacts.



Europe

Eduardo Escario

ES, PT, Africa
+34 91 395 8137
eduardo.escario@dowjones.com

Patrick Witteveen

IE, NL, UK
+44 207 86 443 43
patrick.witteveen@stoxx.com

U.S.

Richard Ciuba

U.S.
+1 609 520 7172
richard.ciuba@dowjones.com

Rosa Anna Grimaldi

BE, FR, GR, IT, IL, TR
+33 1 4070 8004
rosanna.grimaldi@stoxx.com

Peter Wölger

DK, FI, IS, NO, SE, RU, UA, Baltic
+46 8 5861 0776
peter.wolger@stoxx.com

Asia/Pacific

Anthony Yeung

+852 2831 2580
anthony.yeung@dowjones.com

Dr. Markus Thomas

AT, DE, LU, CH, Eastern Europe
+41 58 854 2307
markus.thomas@stoxx.com