



**reliability • expertise • innovations**

## **AMNEX IF**

### Methodology

Ver. 1.0

©Anlgo Broker JSC  
London, November 2007

## Contents

1.	General Information	3
2.	Name of Index	3
3.	Definition of Index	3
4.	Purpose of Index	3
5.	Statement of Principles	4
6.	Index Calculation Method	4
7.	Composition of Index Basket	5
8.	Review Process	6
9.	Other Information	6

## 1. General Information

**AMNEX IF** is index of Anglo Broker JSC designed to represent the performance of Investment Funds (IF), formerly known as Privatisation Investment Funds (PIFs), listed on the Free Market of both Montenegro Stock Exchange and NEX Montenegro. It's essential that this document about **AMNEX IF** be read together with the document **AMNEX Ground Rules**.

## 2. Name of Index

Official Index Name: Anglo Broker's Montenegro's Stock Market Investment Funds Index.

Short Name: **AMNEX IF**

## 3. Definition of Index

**AMNEX IF** is free-float market capitalization weighted index, which is not adjusted for paid dividends, and is not protected from dilution effect, which appears as result of dividends payout. **AMNEX IF** is weighted only by market capitalization and consists of shares of investment funds traded using continuous trading method on both Montenegro and NEX Montenegro Stock Exchanges, which have satisfied criteria for inclusion in the index basket. Unlike for **AMNEX 20**, influence of the components in the **AMNEX IF** index is not limited to any percentage of total market capitalization of index (therefore weight ponder ( $W_i$ ) is set to equal one (1)) .

## 4. Purpose of the Index

In the past, investors could only utilise Privatisation Investment Fund (PIF) index of NEX Montenegro Stock Exchange (NEXPIF) while Montenegro Stock Exchange included PIFs into MOSTE (29 companies and six PIFs) index composition. Therefore until now market participants have not had any benchmark for evaluation of performance of the Investment Funds on Montenegro Stock Exchange or of the both of Montenegro's exchanges cumulatively. Thus investors have not had a comprehensive benchmark for evaluating trading strategies and comparing their return in investment funds to a market average or to investment funds average.

Purpose of **AMNEX IF** is to unify trading data from both Montenegro and NEX Montenegro Stock Exchanges and measure the average price changes of all Investment Funds listed either on one or both of the exchanges (at present both exchanges list all investment funds). As such **AMNEX IF** serves as a unique benchmark measuring performance of all Investment Funds on Montenegro's Capital

Market. Both, individual and institutional investors could use the **AMNEX IF** index as the most comprehensive benchmark for evaluating their investment strategies and performance of their investment portfolios as far as investment funds are concerned. The index is thus expected to be analytical tool for individual or institutional investors, portfolio managers, professional analysts, professional public, as well as for all other entities interested in dynamics of price movements of Montenegro's Investment Funds.

## 5. Statement of Principles

The guiding principles behind the calculation method of **AMNEX IF** index are to be found in the Ground Rules applied for **AMNEX** indices.

## 6. Index Calculation Method

Similarly to the calculation method for all AMNEX indices described in the Ground Rules, index formula for **AMNEX IF** is calculated using Laspeyzer's formula:

$$\text{AMNEX IF}_t = \frac{\sum_{i=1}^n p_{i,t} * q_{i,t} * ff_{i,t}}{d_t}$$

where

**AMNEX IF<sub>t</sub>** = value of index of a number of selected securities of investment funds traded on both of Montenegro's Stock Exchanges (Montenegro and NEX) at time *t*,  
*n* = representing number of securities in the index  
*i* = 1,2,3,.....,n representing certain component security of investment fund within index basket

***p<sub>i,t</sub>*** = the latest trade price of the component security of investment fund *i* at time *t* for intra day reporting or the average price at the close of the Index on the previous day for daily calculation of the Index. The reported price is the simple arithmetic mean (average) which is calculated as a ratio of Turnover (EUR) and Volume of each traded investment fund's security.

***q<sub>i,t</sub>*** = number of shares in issue of the investment fund's security *i* at time *t*

***ff<sub>i,t</sub>*** = free float factor of security the investment fund's *i* at time *t*. At present free float is set to one (1) even though fund management companies or other entities or individuals may have a stake in excess of 10% in respective investment funds. Information about ownership share of each investment fund is not listed on either

exchanges and it's not necessarily available in public domain. Free float is therefore included in equation for ease of calculation when funds ownership information becomes available in public domain.

$d_t$  = Index divisor, a figure that represents ratio of the total issued share capital of the Index basket and Index value, at time  $t$ . On the starting (base) date divisor is set as follows:

$$d_t = \frac{\sum_{i=1}^n p_{i,t} * q_{i,t} * ff_{i,t}}{100}$$

The starting Index value is set to equal a hundred (100) index points. The starting (base) date is 01.03.2003 (more precisely it's 28.02.2003 since there was no trade on 01.03.2003), thus the same as for MOSTE, NEX20 and NEX PIF as well as other **AMNEX** indices, in order to make them easily comparable over time. Market capitalisation of all investment funds after close at base date is (11114294.9425). Hence the base divisor is equal to **111142.949425** (11114294.9425/100).

The divisor stays unchanged unless there is a need to update the index basket. In order to maintain the Index value and make it comparable over time a new divisor at time say  $t$  is calculated in the same way as for other **AMNEX** indices:

$$d_t = \frac{\sum_{i=1}^n p_{i,t} * q_{i,t} * ff_{i,t}}{\text{AMNEX IF}_t} \quad \text{or New Index Basket/Old Index Basket} * d_{t-1}$$

where **AMNEX IF<sub>t</sub>** is first calculated using the latest Index divisor  $d_{t-1}$

## 7. Composition of Index Basket

Index basket consists of investment fund's shares traded using the continuous trading method on both exchanges. Number of investment funds included in the index depends on number of traded investment funds on one or both of the exchanges and fulfilment of criteria for inclusion in the index. A fund could be included in the index if

- it has been listed on one or both exchanges for at least six months
- the investment fund shares were traded at least a month prior to inclusion in the index.

At present (2007) there are six investment funds included in the index. Weight of each fund in the index is its market capitalization.

Table 1. Composition of **AMNEX IF** Index (01.03.2003)

Symbol	Number of Shares	Base Price €	Market Capitalization	Participation in Index (%)
ATMO	209509650	0.0100	2095096.50	18.85%
EURF	272158950	0.0060	1632953.70	14.69%
HLTA	452741100	0.0050	2263705.50	20.37%
TREN	191007075	0.0123	2349387.02	21.14%
MONF	152857950	0.0116	1773152.22	15.95%
MIGF	100000000	0.0100	1000000.00	9.00%
<b>Total</b>			11114294.9425	100.00%

## 8. Review Process

The process of final composition of the index basket is responsibility of the AMNEX Committee, which carries out selection of securities for the index basket. The **AMNEX IF** index is reviewed semi-annually using average daily data for the last trading day in June in December of each year. The revision procedure is described in the Ground Rules.

## 9. Index Publishing

Values of **AMNEX IF** Index will be calculated and published by Anglo Broker JSC as for the other AMNEX indices described in the Ground Rules. The calculation will be done in real time while publishing may have a slight delay due to commercial interests of the exchanges. Changes of the indices in respect to previous period may be published in absolute and percentage terms. **AMNEX IF** Index, as well as other AMNEX indices, is published on Anglo Broker's JSC web site ([www.anglobroker.com](http://www.anglobroker.com)) and on internet tickers of the same site but could be published by other media upon Anglo Broker's JSC approval.



reliability • expertise • innovations

© Anglo Broker JSC 2007. All rights reserved.

"AMNEX™" is trade marks of Anglo Broker JSC and is used by Anglo Broker under license. All rights to and in the indices rest in Anglo Broker JSC. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of Anglo Broker JSC. All information provided is for information purposes only and no warranty is made as to its fitness for purpose, satisfactory quality or otherwise. Every effort has been made to ensure that all information given is accurate, but no responsibility or liability can be accepted by Anglo Broker JSC for errors or omissions or for any losses arising from the use of this information.

