

Bloomberg Catholic Values Index Methodology

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Introduction

This methodology (this "Methodology") has been made available by Bloomberg Index Services Limited ("BISL") and sets out the rules, criteria, risk factors and other information application to the Bloomberg Equity Catholic Values Indices (the "Indices" and each, an "Index"). Capitalized terms used in this Methodology but not otherwise defined have the meanings set forth in Annex II (Glossary).

Objectives and key features

The Bloomberg Equity Catholic Values Indices provide investors with a benchmark for equity securities of issuers that align with the [Socially Responsible Investment Guidelines set by the United States Conference of Catholic Bishops](#). The indices utilize a rules-based methodology and leverage research from Sustainalytics US, Inc. ("Sustainalytics") to assess whether an issuer's business activities comply with these guidelines. The indices were launched in October 2024, with historical data backfilled to August 2021.

Section 1: Overview

Index series	Bloomberg Equity Catholic Values Indices
Base date	2021-09-21
Base year	2021
Rebalance	Quarterly
Publication	Weekdays
Index	See Appendix IV: Index tickers and names
Parent index	See Appendix IV: Index tickers and names
Launch Date	October 29, 2021

Section 2: Eligibility and Classification

The eligible securities for the Indices will be based upon the eligibility criteria derived from the Bloomberg Global Equity Indices Methodology, which provides the investable universe for a given Index. Please see the [Bloomberg Global Equity Indices Methodology](#) for further details on the eligibility criteria.

For Value and Growth versions, please see the [Bloomberg Value & Growth Indices Methodology](#) for additional details.

Section 3: Selection

Industry Eligibility

A security classified as Nursing and Residential Care for its Bloomberg Industry Classification will be excluded.

Product Involvement Exclusions

Companies will be excluded from the Indices if they meet any of the exclusion criteria as outlined below. BISL uses data from Sustainalytics US, Inc. ("Sustainalytics") to determine which companies meet the exclusions criteria. Any security/issuer is not included in the Sustainalytics research coverage for product involvement will be ineligible for the index.

Exclusion	Description	Threshold
Abortion and Abortifacients	Companies engage in providing medical procedures which include abortion and contraceptive surgical procedures, as well as the production and distribution of abortifacients.	Any kind of involvement level in the following categories: <ul style="list-style-type: none">• Ownerships and/or operation of one or more acute care hospitals or surgical centers.• Manufactures drugs that have abortifacient properties.
Contraceptives Manufacture	The company manufactures contraceptives.	Any kind of involvement in production of Contraceptives.

Exclusion	Description	Threshold
Embryonic Stem Cells and Fetal Tissue	The company is involved in the use of human embryonic stem cells, and/or uses fetal cell lines for vaccine or biologics development, or the company develops technologies that enable human embryonic stem cell research.	Any kind of involvement with Embryonic Stem Cells and Fetal Tissue.
Adult Entertainment	The company is involved in the production of adult entertainment and/or owns/operates adult entertainment facilities.	Greater or equal to 50% revenue from the involvement in production and/or operation of adult entertainment facilities.
Cannabis	The company is in the development and/or cultivation of cannabis for recreational purposes.	Greater or equal to 50% revenue from the involvement in development and/or cultivation of recreational cannabis.
Gambling	Companies involved in any activities related to gambling services, gambling products or supporting products/services to gambling operations.	Greater or equal to 50% revenue from the involvement in following area of gambling: <ul style="list-style-type: none"> • Operations • Products/Services • Specialized equipment
Controversial weapons	Companies involved in any activities related to certain controversial weapons	Any kind of involvement level in the following weapons categories: <ul style="list-style-type: none"> • Anti-personnel mines • Biological and chemical weapons • Cluster weapons • Depleted uranium • Nuclear weapons • White phosphorus
Small Arms	The Company manufactures and sells assault or non-assault weapons to civilian customers.	Greater or equal to 50% revenue from the involvement in manufacturing and sale of weapons to civilian customers.
Tobacco	Companies involved in the cultivation production and retailing of tobacco	Greater or equal to 50% revenue from the involvement in the following areas of tobacco: <ul style="list-style-type: none"> • Product production • Related products/services • Significant ownership of related products/services • Retail products

In addition to the above, Knights of Columbus Asset Advisors (KOCAA) may provide recommendations for exclusions of eligible issuers which they deem to conflict with the Socially Responsible Investment Guidelines set by the United States Conference of Catholic Bishops. Any removals are made in the sole judgment and discretion of BISL in line with the "Expert Judgement and Discretion" procedures detailed [here](#).

Section 5: Weighting

The indices are free-float market cap weighted, except the Bloomberg 1000 Catholic Values Growth Factor and the Bloomberg 1000 Catholic Values Value Factor Indices, which use a modified market capitalization weighting. The weight of each issuer in these modified market capitalization weighted indices is adjusted based on its growth and value factor scores.

Section 6: Maintenance

Index Calculation

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

Index Rebalance and Reconstitution

The Indices are reconstituted and rebalanced quarterly in March, June, September, and December following the schedule of the Bloomberg Global Equity Index Methodology.

Deletion Policy

Index securities are not deleted outside Index Rebalance and Reconstitution window except in the case of a delisting.

Addition Policy

Index securities are not added outside of the Index reconstitution.

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.

Section 7: Backtest assumptions

The rules outlined above are applied historically, however the following assumptions have been made:

- Backtest periods are available from June 22, 2021.
- Index history is backfilled to August 18, 2021.

Section 8: Risks and limitations

Risks

The following is a summary of certain risks associated with the Index but is not meant to be an exhaustive list of all risks associated with the Index. Although the Index is designed to be representative of the markets it is measuring, it may not be representative of every use case. There is also inherent, though transparent, judgment in its construction, as outlined in this Methodology. The Index is designed for general applicability and not to address the individual circumstances and needs of users. BISL does not advise about the usefulness of the Index to a particular circumstance; users are therefore encouraged to seek their own counsel for such matters. This Methodology is subject to change, which may impact its usefulness to users. Although efforts will be made to alert users of any change, every individual user may not be aware of them. Such changes may also significantly impact the usefulness of the Index. BISL may also decide to cease publication of this Index. BISL maintains internal policies regarding user transitions, but no guarantee is given that an adequate alternative is available generally or for a particular use case. Markets for equities, as with all markets, can be volatile. As the Index is designed to measure this market, it could be materially impacted by market movements, thus significantly affecting the use or usefulness of the Index for some or all users. Also, certain equity markets are less liquid than others – even the most liquid markets may suffer periods of illiquidity. Illiquidity can have an impact on the quality or amount of data available to BISL for calculation and may cause the Index to produce unpredictable results.

BISL relies on external data providers for the provision of ESG data used in the selection, weighting and calculation of the benchmarks. This includes sourcing of underlying ESG data used to calculate such scores. BISL places reliance on such external data providers with respect to their ESG data, oversight over the quality of that data, and the maintenance of that data's underlying methodology to ensure its representativeness. BISL does not have control over, or detailed insight into, the reliability of the raw data sourced external providers and their respective calculation models. External providers may restate historical ESG data. External provider ESG data methodologies may furthermore be subject to change. ESG data may not cover the entire universe of eligible constituents for a particular Index – eligible constituents not covered by ESG data may be included in the Indices. The measurement of the benchmark may become unreliable should the ESG data become unavailable or inaccurate.

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.

Section 9: Benchmark Oversight and Governance

Benchmark governance, audit, and review structure

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

Index and Methodology Changes

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

Expert judgement 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 I: Product Involvement

Sustainalytics

The Sustainalytics Product Involvement (“PI”) product provides research on company involvement in products and services, allowing screening of companies according to specific criteria motivated by ethical, impact, compliance or ESG risk considerations. PI includes the following features:

- Products and revenue analysis.
- Ranges of revenues derived from products.
- Percentage of revenues derived from products.
- Production capacity ranges and capacity percentage for relevant energy involvement categories.
Percentage of ownership in companies involved in the product.

For further information, please refer to [Sustainalytics Product Involvement Methodology](#).

Appendix II: Glossary

Free float date	date at which the weight for each security is determined for the monthly rebalance of an Index;
Selection date	date at which the relevant data points are taken for each security for the rebalance; and
Sustainalytics	refers to Sustainalytics US, Inc.

Appendix III: Environmental, Social & Governance (ESG) Disclosures

Where an index applies screens and a security/issuer is not included in the 'Covered' field for Sustainalytics Product Involvement Screening, such security/issuer will not be eligible for inclusion into the index.

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY			
1. Name of the benchmark administrator.		Bloomberg Index Services Limited ("BISL")	
2. Type of benchmark.		Equity	
3. Name of the benchmark or family benchmarks.		Bloomberg Equity Catholic Values Indices	
4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?		Yes	
<p>5. 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. The ESG factors shall be disclosed at an aggregated weighted average value at the level of the family of benchmarks.</p>			
a) List of social factors considered:	Abortion and Abortifacients	Exclusion	Any kind of involvement level in the following categories: <ul style="list-style-type: none"> • Ownerships and/or operation of one or more acute care hospitals or surgical centers. • Manufactures drugs that have abortifacient properties.
	Contraceptives Manufacture	Exclusion	Any kind of involvement in production of Contraceptives.
	Embryonic Stem Cells and Fetal Tissue	Exclusion	Any kind of involvement with Embryonic Stem Cells and Fetal Tissue.
	Adult Entertainment	Exclusion	Greater or equal to 50% revenue from the involvement in production and/or operation of adult entertainment facilities.
	Cannabis	Exclusion	Greater or equal to 50% revenue from the involvement in development and/or cultivation of recreational cannabis.
	Gambling	Exclusion	Greater or equal to 50% revenue from the involvement in following area of gambling: <ul style="list-style-type: none"> • Operations • Products/Services • Specialized equipment
	Controversial weapons	Exclusion	Any kind of involvement level in the following weapons categories: <ul style="list-style-type: none"> • Anti-personnel mines • Biological and chemical weapons • Cluster weapons • Depleted uranium • Nuclear weapons • White phosphorus

	Small Arms	Exclusion	Greater or equal to 50% revenue from the involvement in manufacturing and sale of weapons to civilian customers.
	Tobacco	Exclusion	Greater or equal to 50% revenue from the involvement in the following areas of tobacco: <ul style="list-style-type: none"> • Product production • Related products/services • Significant ownership of related products/services • Retail products
b) List of governance factors considered:	The Index does not take into account this ESG factor in the methodology		
<p>6. 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		
7. 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>	<p>All ESG data for the benchmarks is sourced externally from:</p> <p>Sustainalytics - reported and modelled from Product Involvement data libraries. For further information on the ESG data methodologies please refer to:</p> <p>Sustainalytics Product Involvement Research Methodology</p> <p>For further information and contact details, please refer to https://www.sustainalytics.com/.</p> <p>In particular, the Indices use the following Sustainalytics ESG products: Product Involvement</p>		
b) Verification and quality of data <i>Describe how data are verified and how the quality of those data is ensured.</i>	<p>BISL Data Verification Overview</p> <p>BISL performs completeness checks for changes in securities coverage and securities attributes coverage, checks for the integrity of data payload transmitted by suppliers (e.g. file size, structure, format). BISL also performs outlier detection for individual and aggregated data points, comparison against secondary data sources where possible, and checks for data change frequency.</p>		

	<p>Sustainalytics Data Verification</p> <p>Sustainalytics:</p> <ul style="list-style-type: none"> • Universe Management <ul style="list-style-type: none"> ○ Centralized universe definitions and processes for rebalancing; ○ Quarterly rebalances of Sustainalytics’ standard coverage and compliance universes; ○ Clear, transparent and consistent approach to the allocation of research versus coverage entities. • Company Research <ul style="list-style-type: none"> ○ Continuous improvement and maintenance of quality and research standards; ○ Feedback that is received from Companies in Sustainalytics’ Coverage Universe and that are a part of Sustainalytics ESG Risk Ratings and controversy research is taken into consideration, and whenever relevant included; ○ Quality reviews of ESG assessments before publication; ○ Reviewing controversy ratings by the Events Oversight Committee - focus on controversy level changes to and from level 4 and 5. • Data and deliverable management <ul style="list-style-type: none"> ○ Quality and reliability of Sustainalytics Covered Company and identifier data through automated quality assurance; ○ Quality and reliability of Sustainalytics proprietary (i.e. research) data through automated quality assurance, prior to publication; ○ Quality and reliability of standard deliverables through end-of-gate quality assurance process. ○ Quality and reliability of custom client deliverables through end-of-gate quality assurance processes (automated and manual); ○ Monitoring and investigating ESG score fluctuations and their root causes using automated tools. • Update cycle <ul style="list-style-type: none"> ○ Sustainalytics aims for annual updates of management indicators for the Covered Companies’; ○ Continuous updates are made as incidents occur and feed into updates of event indicators, which is not disclosure driven; ○ Annual updates to the rating framework (selection of material ESG issues, weighting of indicators).
<p>c) Reference standards</p> <p><i>Describe the international standards used in the benchmark methodology.</i></p>	<p>Controversial Weapons: International treaties and conventions used to define Controversial Weapons include Non-proliferation Treaty (1968), Biological and Toxin Weapons Convention (1972), Chemical Weapons Convention (1997), Anti-Personnel Mine Ban Convention (1999), Convention on Cluster Munitions (2008), United Nations Convention on Certain Conventional Weapons (1980), and Convention on the Physical Protection of Nuclear Material (1980).</p>
<p>Date on which information has been last updated and reason for the update:</p>	<p>October 2024, Index Launch</p>

Appendix IV: Index Tickers, Names, and Parent Index

Index Ticker	Index Name	Parent Index Ticker
B1000CVN	Bloomberg 1000 Catholic Values Net Return Index	B1000
B1000CV	Bloomberg 1000 Catholic Values Price Return Index	B1000
B1000CVT	Bloomberg 1000 Catholic Values Total Return Index	B1000
B1CVGFN	Bloomberg 1000 Growth Catholic Values Net Return Index	B1000G
B1CVFG	Bloomberg 1000 Growth Catholic Values Price Return Index	B1000G
B1CVGT	Bloomberg 1000 Growth Catholic Values Total Return Index	B1000G
B1CVVFN	Bloomberg 1000 Value Catholic Values Net Return Index	B1000V
B1CVVF	Bloomberg 1000 Value Catholic Values Price Return Index	B1000V
B1CVVFT	Bloomberg 1000 Value Catholic Values Total Return Index	B1000V
B2000CVN	Bloomberg 2000 Catholic Values Net Return Index	B2000
B2000CV	Bloomberg 2000 Catholic Values Price Return Index	B2000
B2000CVT	Bloomberg 2000 Catholic Values Total Return Index	B2000
B3000CVN	Bloomberg 3000 Catholic Values Net Return Index	B3000
B3000CV	Bloomberg 3000 Catholic Values Price Return Index	B3000
B3000CVT	Bloomberg 3000 Catholic Values Total Return Index	B3000
B3MRECVN	Bloomberg US REIT 3000 Catholic Values Net Return Index	B3REITP
B3MRECV	Bloomberg US REIT 3000 Catholic Values Price Return Index	B3REITP
B3MRECVT	Bloomberg US REIT 3000 Catholic Values Total Return Index	B3REITP
WLDXUCVN	Bloomberg World ex US Catholic Values Net Return Index	WORLDXU
WLDXUCV	Bloomberg World ex US Catholic Values Price Return Index	WORLDXU
WLDXUCVT	Bloomberg World ex US Catholic Values Total Return Index	WORLDXU

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