Weighted index or OLV index

The weighted index, also known as the OLV index, is used for predicting the change in the equity linked buffer. The return on indices for all areas is calculated by including the income from dividends.

Currency-denominated indices are converted to returns in euros by using the exchange rates of the European Central Bank. The return arisen from the impact of the currency is included in the return percentage of the predictive index. The same currency exchange rate is also used when calculating the realized return on shares. Thus, the same calculation method is used for both the realized and the predictive returns.

The calculation of the predicted index change makes use of the regional division and the corresponding share indices described below:

Region	Index type	Index name	Bloomberg ticker of the index
1. Finland	Portfolio return index	OMX Helsinki CAP	HEXYP
2. Europe	Total return index, USD-denominated	MSCI Europe	GDDUE15
3. USA	Total return index, USD-denominated	S&P500	SPTR
4. Japan	Total return index, JPY-denominated	Topix	TPXDDVD

Weighted index or OLV index till the end of year 2015

The index was formed by weighting four share indices calculated for different regions. The calculation of the predicted index change makes use of the regional division and the corresponding share indices described below:

Region	Index type	Index name	Bloomberg ticker of the index
1. Finland	Portfolio return index	OMX Helsinki CAP	HEXYP
2. Europe	Price index	MSCI Europe	MSDLE15
3. USA	Price index, denominated in USD	S&P500	SPX
4. Japan	Price index, denominated in JPY	Topix	TPX

Investments in the region "Europe" refer to investments made in the eurozone countries and in Sweden, Denmark, Norway, the United Kingdom and Switzerland. The value of each index is the closing value for the day (note time differences between the regions).

The predicted change percentage e_{t_0,t_1} of the index calculated for the period between the times *t0* and *t1* is obtained by using a formula

$$e_{t_0,t_1} = \sum_{i=1}^{4} p_{t^*,i} * \left(\frac{E_{t_1,i}}{E_{t_0,i}} - 1\right).$$

where the weight of region *i* (see numbering above) $p_{t^*,i}$ is expressed as a percentage point. The weight is determined from data describing the targeting of investments at time *t** (see below). *Et,i* is the value of the share index in region *i* at time *t*.

In practice, the most recent weighting coefficients known are from a time not later than the start of the period to be projected. Or when expressed using the symbols above $t^* \leq t_0 < t_1$. This is because the final data on the returns on quoted shares for each quarter are received roughly at the same time as the weighting coefficients from the end of the quarter. It is therefore not possible or necessary to use the mean of the weighting coefficients for the start and the end of a quarter, or any other combinations, when the returns, say, for a quarter are predicted.