

Harnessing thematic indices to support European growth and portfolio resilience

How do you achieve long-term objectives in an environment of uncertainty without sacrificing agility? This is the question being asked by many pension funds and institutional asset managers facing persistent macroeconomic uncertainty, shifting policy dynamics and heightened market volatility.

Thematic indices are a compelling solution – not merely as performance trackers, but as forward-looking allocation tools aligned with the ongoing structural transformations in Europe’s economic fabric.

Aligning long-term liabilities with structural trends

Thematic indices are not built on past market winners. Instead, they offer investors exposure to the sectors, technologies and innovations that are expected to shape the future. For long-term investors like pension funds, whose mandates demand both capital preservation and sustained growth, these indices provide an efficient mechanism to allocate capital towards secular growth themes that offer risk-adjusted returns over extended horizons.

“As a flexible, forward-oriented investment vehicle, thematic indices allow institutional investors to calibrate their portfolios in response to structural shifts – from demographic evolution and technological disruption to energy transition and digital sovereignty,” notes Tim Rohkemper, Head of Indices at Euronext.

With customisable designs and a broad thematic range, from AI and digital health to cybersecurity, robotics and sustainable infrastructure, thematic indices support asset managers’ increasing demand for precision-aligned exposure that reflects specific ESG, innovation, or regional growth priorities.

Investing in European innovation

Pension funds and fiduciary investors are increasingly looking beyond returns to consider how they can contribute to the region’s economic resilience and sustainable growth. Thematic indices can help channel long-term capital toward strategic sectors vital to Europe’s competitiveness. As a leading index provider, Euronext has worked closely with investors and issuers to develop over 1,400 indices since 1983 – including a growing suite of thematic benchmarks tailored to institutional needs. Recent initiatives exemplify this trend.

A thematic index for European leaders in Tech

In 2022, Euronext launched the Euronext Tech Leaders Index, highlighting over 110 high-growth European tech firms. Including companies across sectors such as cloud computing, software, fintech, health tech and green digital infrastructure, the index represents the backbone of Europe’s innovation economy. This was followed in 2023 by the Euronext European Tech Index, a comprehensive pan-European benchmark designed to enhance visibility and capital access for the region’s innovation leaders.

For long-term institutional investors, gaining exposure to scalable, high-growth European tech companies has historically been a challenge due to fragmentation, limited visibility, and relatively lower index representation compared to US peers. The Euronext Tech Leaders Index addresses this gap by providing a focused, transparent benchmark for Europe’s most promising listed tech companies.

It serves not just as a market barometer, but as a catalyst to

improve liquidity, visibility and access to capital for Europe’s tech champions. From an asset allocation standpoint, the index offers diversification beyond traditional large-cap indices often dominated by industrials and financials. It aligns with long-term secular trends including digital transformation, automation and AI adoption. Supporting European growth exposure within a region increasingly focused on tech sovereignty and regulatory aid for scale-ups.

“The index provides pension and sovereign wealth funds with a scalable vehicle to support Europe’s digital ecosystem while diversifying into high-potential growth companies,” says Liz Wright, Head of Index Strategy and Distribution at Euronext.

For pension funds aiming to balance risk-adjusted returns with policy-aligned capital deployment, the Euronext Tech Leaders Index is a highly relevant tool – whether for direct equity exposure, overlay strategies, or benchmark-linked mandates.

“Our objective is to make this index the flagship benchmark for financing the future of Europe’s tech ecosystem,” Liz Wright adds.

A space index capturing the next frontier of strategic industry

The Euronext Helios Space Index, launched in 2023, is the first dedicated benchmark for the European space sector. A rapidly expanding and strategically vital domain that bridges aerospace, defence, telecoms, climate monitoring and advanced manufacturing.

Developed in close partnership with the European Space Agency, the European Commission and Promos Ventures, the index includes publicly listed companies across the space value chain, from satellite manufacturing and launch systems to space-based data services and infrastructure.

Why does this matter for institutional investors?

The sector aligns with multiple long-term investment themes such as climate resilience, digital connectivity and national security. The global space economy is expected to exceed \$1 trillion by 2040¹, and Europe’s role in this transformation is technologically advanced and supported politically.

Seen through a fiduciary lens, the index offers early exposure to an under-represented but high-growth sector, allowing pension funds to diversify into emerging industries with potential asymmetric return profiles.

Moreover, the index offers transparent performance tracking, enabling benchmarking against broader market indices and facilitating structured product issuance, thematic fund creation, or passive exposure strategies.

Methodology and governance, built for institutional confidence

Index integrity, methodological transparency and regulatory compliance are non-negotiable for pension funds, sovereign wealth funds and institutional asset managers. Euronext’s thematic indices are developed with a governance framework explicitly designed to meet these high institutional standards.

At the core of this framework is full alignment with EU Benchmark Regulation (BMR), ensuring that all indices are constructed, maintained and supervised in accordance with the highest standards of accountability, oversight and transparency of methodology. This regulatory robustness allows institutional investors to integrate

Euronext thematic indices into a range of areas such as strategic asset allocation models, custom benchmarking solutions, passive product structuring, index-linked derivatives and performance reporting frameworks.

A transparent and rules-based methodology

Each thematic index is built on a public, rules-based methodology that defines eligibility criteria, data sources, weighting mechanisms and rebalancing schedules. This design ensures consistency, auditability and comparability across market cycles.

Eligibility filters may include revenue thresholds, geographical exposure, R&D intensity, or innovation classification.

Weighting approaches (equal-weighted, market-cap-weighted, capped, etc.) are selected to reflect the desired risk-return profile and minimise concentration risk.

Rebalancing frequency is typically quarterly or semi-annual, balancing responsiveness with turnover efficiency.

In addition, Euronext provides advance notice of methodology changes and conducts regular reviews through its governance committees, which include independent experts, data providers and index stakeholders.

Data integrity and open architecture

Accurate, timely and diversified data is essential to thematic index construction. Euronext operates an open architecture model, working with multiple high-quality third-party data providers, including alternative data specialists, AI/NLP² engines, ESG databases and sector research firms, to ensure granular and forward-looking thematic exposure analysis. This model ensures reliable company classifications based on business activity, innovation intensity or geopolitical relevance, and reduces data bias and the risk of dependency on a single provider.

For example, the Euronext Artificial Intelligence World Index was developed in collaboration with artificial intelligence company SESAMm, using advanced NLP to assess company-level exposure to AI themes via real-time data mining of public disclosures, a capability that standard classification systems often fail to capture.

Scalable infrastructure and operational agility

Euronext's internal infrastructure and development processes are tailored for rapid index deployment, with typical turnaround from concept to launch within 5 to 10 business days. The platform's agility allows rapid response to geopolitical events, regulatory shifts or strategic investment themes. This speed is critical in today's market environment, where early access to emerging trends or policy-driven themes can materially influence investment performance.

This in turn results in an efficient time-to-market for passive vehicles like ETFs and structured notes tied to new indices, ensuring an advantageous environment for product creation.

Euronext's index data platform is also designed for seamless and efficient integration of external data, whether sourced from third-party providers or directly from clients, enabling the creation of highly tailored solutions. This flexible architecture is particularly valued by institutional investors and pension funds seeking indices that align closely with their unique investment strategies.

"Our open architecture allows us to partner with reliable third-party data providers, ensuring the thematic indices are grounded in high-integrity data. And with our strong pan-European exchange network, we provide maximum index visibility and scalability," explains Liz Wright.

Institutional-grade governance and oversight

Index quality and governance remain paramount for institutional allocators. Euronext's thematic indices are constructed on transparent, robust methodologies that comply with the EU Benchmark Regulation, enabling seamless integration into asset allocation frameworks and derivative structuring.

All Euronext indices are subject to formal governance structures, including an index oversight committee, which supervises the ongoing quality, relevance and compliance of the index suite; clear conflict-of-interest policies, particularly important for indices used as benchmarks for investment products; and independent audits and validations of index calculation engines and adherence to methodology.

Furthermore, Euronext is able to leverage its footprint across seven regulated exchanges in Europe, covering France, the Netherlands, Belgium, Norway, Ireland, Portugal and Italy, ensuring wide European coverage to meet varying client needs.

Preparing for the next strategic allocation opportunity

Looking ahead, thematic indices are expected to play a growing role in pension fund and institutional strategies.

Recent geopolitical shifts and policy initiatives are already giving rise to new benchmarks. Following increased defence spending across NATO and initiatives for greater European autonomy, Euronext has introduced:

- The Euronext European Aerospace & Defence Index, which offers focused exposure to companies driving Europe's defence autonomy and innovation. The index aligns with EU initiatives to boost security and reduce reliance on external powers. Investors gain access to cutting-edge technologies shaping Europe's strategic resilience.

- The Euronext European Energy Security Index, which supports Europe's shift toward energy independence by aligning with major initiatives like the Repower EU Plan, aimed at reducing fossil fuel reliance. The index translates EU policy goals into an investable framework focused on secure, domestic and sustainable energy. It offers exposure to companies driving this transition across generation, infrastructure and clean technology.

These indices aim to give institutional investors targeted access to companies playing a pivotal role in Europe's future resilience and sovereignty.

"For fiduciary investors focused on long-term value creation and risk diversification, these thematic benchmarks offer more than market exposure – they offer alignment with Europe's evolving economic priorities," notes Robin Gallego, Head of Buy Side Structuring and Technology at Euronext.

Thematic indices: a scalable toolkit for forward-looking allocators

As asset managers and pension funds rethink traditional asset allocation models in light of structural shifts and sustainability imperatives, thematic indices provide an innovative yet tested framework. Whether used for alpha generation, risk diversification, strategic asset allocation or impact alignment, they serve as essential instruments in the institutional toolbox.



¹Satellite Industry Association, Morgan Stanley Research, Thomson Reuters. *2040 estimates

²NLP stands for Natural Language Processing and refers to the automatic analysis and understanding of text such as articles, and speech