

FTSE Global RIC Capped Indexes

Helping investors meet US regulatory requirements

Building blocks for investable global portfolios

The FTSE Global RIC Capped Indexes are market capitalization weighted global equity indexes designed to help users meet Regulated Investment Company (RIC) concentration requirements. The indexes provide the market cap weighted index building blocks for individual countries and regions.

Capping approach

The capping process aims to adhere to the RIC concentration requirements while reducing the probability that index constituents breach the 25/5/50 rule and reflecting the distribution profile of the underlying uncapped index weights.

	Regulated Investment Company (RIC) rules	FTSE Russell index	Why the difference?
Individual company weights	Limited to 25%	Limited to 20%	Reduces the concentration of the largest companies
Aggregate company weights	Companies whose weights >5% cannot be greater than 50% in aggregate	Companies whose weights >4.5% cannot be greater than 48% in aggregate	Provides a buffer to prevent breaching RIC rules
Combined rule	25/5/50	20/4.5/48	Combined approach reduces the possibility of breaching RIC rules at implementation
Compliance frequency	Quarter close	Quarterly, with intra-quarter IPO exceptions	Reflect target opportunity set

Index capping methodology helps users meet US regulatory standards¹

The capping methodology, which is implemented quarterly, ensures that no more than 25% of the indexes weight may be allocated to a single constituent and the sum of the weights of all constituents representing more than 5% of the index should not exceed 50% of the total index weight. The capping methodology is applied to help ETF providers meet US continuous listing standards and provide diversified exposure to the target market.

Reviewed quarterly

In addition to the quarterly reviews, including capping, the RIC Capped Indexes apply the semi-annual FTSE Global Equity Index Series region and country reviews, size and liquidity screens in March and September.

¹ For additional information on FTSE index methodologies, see ftserussell.com

Based on the flagship FTSE Global Equity Index Series

The FTSE Global RIC Capped Indexes are based on the flagship FTSE Global Equity Index Series, which captures 99% of the world's investable market cap, covering large and mid cap stocks listed in developed and emerging countries.

More than \$2 trillion in benchmarked assets track the FTSE Global Equity Index Series.²

Index construction

STEP 1 – Cap largest companies

Companies >20% are capped at 20%

Weights of the remaining companies are increased as a consequence of reducing weights of the larger companies.

Weights of uncapped companies are checked for 20% breach.

If uncapped companies are >20%, they are capped at 20%, and weights are redistributed.

STEP 2 – Cap at aggregate company level: Group one

Group largest companies and limit aggregate weight to 48%

Rank companies in descending order.

Limit the total portfolio weight of those companies whose individual weights exceed 4.5% to 48% in aggregate.

Cap companies in proportion to their relative uncapped weights.

Number of constituents in this group is flexible as every index has a different weight distribution.

STEP 3 – Cap remaining companies: Group two

Cap largest of the remaining companies at 4.5%

The largest companies in Group Two are capped at 4.5%.

Remaining companies are capped in proportion to their relative uncapped weights.

STEP 4 – Review capping quarterly

Review indexes quarterly

Capping is applied on the 2nd Friday and implemented after the 3rd Friday in March, June, September & December.

Uses closing 2nd Friday prices adjusted for corporate actions and FX.

Uses forward looking constituents, shares and free float effective after 3rd Friday.

Provides sufficient notice of capped index weights.

Features and benefits

Representative and modular

Covering 99% of the world's investable market capitalization, the modular construction of the FTSE Global Equity Index Series allows the indexes to be tailored according to global, regional, country, sector and thematic views.

Relevant

Combined 20/4.5/48 capping approach reduces the possibility of breaching RIC rules at implementation.

Investable

In order to ensure investability, the FTSE Global Equity Index Series methodology incorporates free float adjustment, liquidity screens and other investability measures to include only those stocks typically considered by institutional investors.

About FTSE Russell

FTSE Russell is a leading global provider of benchmarking, analytics and data solutions. A comprehensive range of indexes provides investors worldwide with the tools required to measure and analyze markets across asset classes, styles or strategies.

Available indexes³

Index Name	Index and Real-Time Codes	Net Tax Index Code	Index History Start Date
Countries			
FTSEAustralia RIC Capped Index	FTCRAU	FTCRAUN	06/16/2000
FTSE Brazil RIC Capped Index	FTCRBRA	FTCRBRAN	06/16/2000
FTSE Canada RIC Capped Index	FTCRCAN	FTCRCANN	06/16/2000
FTSE China RIC Capped Index	FTCRCHN	FTCRCHNN	09/15/2000
FTSE France RIC Capped Index	FTCRFRA	FTCRFRAN	06/16/2000
FTSE Germany RIC Capped Index	FTCRDEU	FTCRDEUN	06/16/2000
FTSE Hong Kong RIC Capped Index	FTCRHKG	FTCRHKGN	06/16/2000
FTSE India RIC Capped Index	FTCRIND	FTCRINDN	06/16/2000
FTSE Italy RIC Capped Index	FTCRITA	FTCRITAN	06/16/2000
FTSEJapan RIC Capped Hedged to USD Index	FTCRJPNH	FTCRJPHN	07/30/2000
FTSEJapan RIC Capped Index	FTCRJPN	FTCRJPNN	06/16/2000
FTSE Mexico RIC Capped Index	FTCRMEX	FTCRMEXN	06/16/2000
FTSE Russia RIC Capped Index	FTCRRUS	FTCRRUSN	06/15/2007
FTSE Saudi Arabia RIC Capped Index	FTCRSAU	FTCRSAUN	06/16/2012
FTSE/JSE South Africa RIC Capped Index	FTCRZAF	FTCRZAFN	06/16/2000
FTSE South Korea RIC Capped Index	FTCRKOR	FTCRKORN	06/16/2000
FTSE Switzerland RIC Capped Index	FTCRCHE	FTCRCHEN	06/16/2000
FTSE Taiwan RIC Capped Index	FTCRTWN	FTCRTWNN	06/16/2000
FTSE Taiwan RIC Capped TWD Index	FTCRTWNT	FTCRTWTN	06/16/2000
FTSE UK RIC Capped Index	FTCRUK	FTCRUKN	06/16/2000
Regions			
FTSEAsia ex Japan RIC Capped Index	FTCRAXJ	FTCRAXJN	06/16/2000
FTSE Developed Europe RIC Capped Index	FTCRDEUR	FTCRDERN	06/16/2000
FTSE Developed Europe RIC Capped Hedged to USD Index	FTCRDEUH	FTCRDEHN	06/30/2000
FTSE Latin America RIC Capped Index	FTCRLAM	FTCRLAMN	06/16/2000

Offering predictable, precise solutions

Whether you need a benchmark, research tool or are building a passive investment strategy, choosing the right tool and the right index provider has never been more important. FTSE Russell provides a comprehensive multi-asset index offering, a broad choice for selecting a benchmark, high standards of index governance and a commitment to providing best-in-class service, support and resources.

² Source: Data as of December 31, 2020 as reported on April 1, 2021 by eVestment for active institutional funds, Morningstar for active retail mutual funds, insurance products, and ETFs, and passive assets directly collected by FTSE Russell. AUM includes blended benchmarks and excludes futures and options. AUM data does not include active and passive assets not reported to a 3rd party source or FTSE Russell. For funds where the AUM was not reported as of December 31, 2020, the previous period AUM was used as an estimate. No assurances are given by FTSE Russell as to the accuracy of the data.

³ All indexes were launched on October 30, 2017 except for FTSE Asia ex Japan RIC Capped Index (launched October 11, 2017), FTSE Saudi Arabia RIC Capped Index (launched September 4, 2018), FTSE/JSE South Africa RIC Capped Index (launched September 4, 2018), and FTSE Latin America RIC Capped Index (launched September 4, 2018).

For more information about our indexes, please visit ftserussell.com.

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FTSE Russell is a leading global index provider creating and managing a wide range of indexes, data and analytic solutions to meet client needs across asset classes, style and strategies. Covering 98% of the investable market, FTSE Russell indexes offer a true picture of global markets, combined with the specialist knowledge gained from developing local benchmarks around the world.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create investment funds, ETFs, structured products and index-based derivatives. FTSE Russell indexes also provide clients with tools for asset allocation, investment strategy analysis and risk management.

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