

# FTSE RAFI Custom All-World 3000 75% Partially Hedged (Developed) to GBP Net Tax Index

v1.0



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## Section 1

# Introduction

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## 1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and maintenance of the FTSE RAFI Custom All-World 3000 75% Partially Hedged (Developed) to GBP Net Tax Index.
- 1.2 These Ground Rules should be read in conjunction with the FTSE RAFI Index Series Ground Rules and the Corporate Actions and Events Guide for Non Market Capitalisation Weighted Indices which are available at [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/)
- 1.3 The FTSE RAFI Custom All-World 3000 75% Partially Hedged (Developed) to GBP Net Tax Index are derived from the FTSE RAFI All-World 3000 Index.
- 1.4 The FTSE RAFI Custom All-World 3000 75% Partially Hedged (Developed) to GBP Net Tax Index does not take account of ESG factors in its index design.
- 1.5 The FTSE RAFI Custom All-World 3000 75% Partially Hedged (Developed) to GBP Net Tax Index are calculated daily.
- 1.6 The base currency of the indices is GBP. Index values may also be published in other currencies.
- 1.6.1 Capital and Total Return indices are available.
- 1.7 FTSE Russell**
- 1.7.1 FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.
- 1.7.2 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.
- 1.7.3 Index users who choose to follow this index series or to buy products that claim to follow this index series should assess the merits of the index series' rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell (or any person concerned with the preparation or publication of these Ground Rules) for any losses, damages, claims and expenses suffered by any person as a result of:
- any reliance on these Ground Rules, and/or
  - any inaccuracies in these Ground Rules, and/or
  - any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
  - any inaccuracies in the compilation of the index series or any constituent data.

## Section 2

# Management responsibilities

## 2. Management responsibilities

### 2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series.<sup>1</sup>

2.1.2 FTSE is responsible for the daily calculation, production and operation of the index series and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic reviews of the index series and apply the changes resulting from the reviews as required by the Ground Rules;
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews;
- disseminate the indices.

### 2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to meet the current and future requirements of investors and other index users. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.

<sup>1</sup> FTSE is not the benchmark administrator of the Index Series as the term administrator is defined in the [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

## Section 3

# FTSE Russell index policies

## 3. FTSE Russell index policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

### 3.1 Corporate Actions and Events Guide

3.1.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide for Non-Market Capitalisation Weighted Indices using the following link:

[Corporate Actions and Events Guide for Non Market Cap Weighted Indices.pdf](#)

### 3.2 Queries and Complaints

3.2.1 FTSE Russell's complaints procedure can be accessed using the following link:

[Benchmark Determination Complaints Handling Policy.pdf](#)

### 3.3 Index Policy for Trading Halts and Market Closures

3.3.1 Guidance for the treatment of index changes in the event of trading halts or market closures can be found using the following link:

[Index Policy for Trading Halts and Market Closures.pdf](#)

### 3.4 Index Policy in the Event Clients are Unable to Trade a Market or a Security

3.4.1 Details of FTSE Russell's treatment can be accessed using the following link:

[Index Policy in the Event Clients are Unable to Trade a Market or a Security.pdf](#)

### 3.5 Policy for Benchmark Methodology Changes

3.5.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)

### 3.6 FTSE Russell Governance Framework

3.6.1 To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks<sup>2</sup>, the European benchmark regulation<sup>3</sup> and the UK benchmark regulation<sup>4</sup>. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

<sup>2</sup> IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

<sup>3</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

<sup>4</sup> The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

## Section 4

# Eligible securities

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## 4. Eligible securities

4.1 Constituents of the FTSE RAFI Custom All-World 3000 75% Partially Hedged (Developed) to GBP Net Tax Index is derived from the FTSE RAFI All-World 3000 Index.

Only constituents from developed markets, as defined by the FTSE equity country classification framework, are partially hedged at 75% to GBP. Constituents from other markets are not hedged. Details of the FTSE equity country classification framework can be found using the following link: [matrix-of-markets.pdf \(lseg.com\)](#)

## Section 5

# Periodic review of constituents

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## 5. Periodic review of constituents

### 5.1 Review dates

The FTSE RAFI Custom All-World 3000 75% Partially Hedged (Developed) to GBP Net Tax Index is reviewed on an annual basis in March in line with the FTSE RAFI Index Series. The review will be implemented after the close of business on the third Friday (i.e. effective from the open on Monday) of March each year.

Prices used in the review will be as of the close of business on the Wednesday before the first Friday of March adjusted for corporate actions. Shares and free float adjustments used will be as at the index review effective date.

## Section 6

# Changes to constituent companies

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## 6. Changes to constituent companies

### 6.1 Intra-review deletions

6.1.1 If a constituent ceases to be a constituent of the FTSE RAFI All-World 3000 Index, it will be removed from the FTSE RAFI Custom All-World 3000 75% Partially Hedged (Developed) to GBP Net Tax Index. The removal will be concurrent with its removal from the FTSE RAFI All-World 3000 Index.

### 6.2 Intra-review additions

6.3 Additions to the FTSE RAFI All-World 3000 Index will be considered for inclusion into the FTSE RAFI Custom All-World 3000 75% Partially Hedged (Developed) to GBP Net Tax Index at the next review.



## Section 7

# Corporate actions and events

## 7. Corporate actions and events

7.1 The FTSE RAFI Custom All-World 3000 75% Partially Hedged (Developed) to GBP Net Tax Index will follow the same corporate actions and events treatment as the FTSE RAFI Index Series Ground Rules.

7.2 If a constituent in the underlying index has a stock split, stock consolidation, rights issue, bonus issue, a change in the number of shares in issue or a change in free float (with the exception of tender offers), the constituent's weighting in the FTSE RAFI Custom All-World 3000 75% Partially Hedged (Developed) to GBP Net Tax Index will remain unchanged pre and post such an event.

7.3 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide for Non Market Capitalisation Weighted Indices using the following link:

[Corporate Actions and Events Guide for Non Market Cap Weighted Indices.pdf](#)

A Corporate 'Action' is an action on shareholders with a prescribed ex-date. The share price will be subject to an adjustment on the ex-date. The index will be adjusted in line with the ex-date.

These include the following:

- Capital Repayments
- Rights Issues/Entitlement Offers
- Stock Conversion
- Splits (sub-division)/Reverse splits (consolidation)
- Scrip issues (Capitalisation or Bonus Issue)

A Corporate 'Event' is a reaction to company news (event) that may impact the index depending on the index rules. For example, a company announces a strategic shareholder is offering to sell their shares (secondary share offer) – this could result in a free float weighting change in the index. Where an index adjustment is required FTSE will provide notice advising of the timing of the change.

### 7.4 **Suspension of dealing**

Suspension of Dealing rules can be found within the Corporate Actions and Events Guide for Non-Market Capitalisation Weighted Indices.

### 7.5 **Takeovers, mergers and demergers**

The treatment of takeovers, mergers and demergers can be found within the Corporate Actions and Events Guide for Non-Market Capitalisation Weighted Indices.

## Section 8

# Currency hedging

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## 8. Currency hedging

- 8.1 The currency overlay hedge of the FTSE RAFI Custom All-World 3000 75% Partially Hedged (Developed) to GBP Net Tax Index is constructed by adding a layer of currency forward contracts to the underlying unhedged index. The forward rates are standard one month contracts that are rolled at each rebalance day. The amount of foreign currencies to sell is estimated once a month based on the unhedged index constituents, which stays unchanged for the remainder of the month until the next rebalance.
- 8.2 Further details of the FTSE Currency Hedging Methodology can be found at [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/).

## Appendix A

# Further information

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A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link:

[Glossary.pdf](#)

Further information on the FTSE RAFI Custom All-World 3000 75% Partially Hedged (Developed) to GBP Net Tax Index is available from FTSE Russell.

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at [info@ftserussell.com](mailto:info@ftserussell.com).

Website: [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/)

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