

SMART-BETA PRODUCT HIGHLIGHTS

FTSE RAFI™ Index Series and Russell RAFI™ Index Series



Overview:

Our FTSE RAFI and Russell RAFI products represent a cost-efficient index-based solution for investors seeking a complement to traditional passive strategies. FTSE Russell partners with Research Affiliates on the FTSE RAFI™ and Russell RAFI™ Index Series. The Russell RAFI™ and FTSE RAFI™ Index Series are designed to capture the beta of a fundamental index strategy. Combining the transparency, objectivity and broad diversification that plan sponsors expect from FTSE Russell Indexes with the advantages of the Research Affiliates' Fundamental Index™ Strategy. Using publicly available data, the FTSE RAFI™ and Russell RAFI™ Index Series methodology selects and weights securities using the average of unique fundamental measures of company size. Russell RAFI™ uses adjusted sales, retained operating cash flow and dividends plus buybacks while FTSE RAFI™ uses cash dividends, free cash flow, total sales, and book equity value.

Index Offering:

Full list of indices can be found in the [Russell RAFI Ground Rules](#) and [FTSE RAFI Ground Rules](#)

Russell RAFI	FTSE RAFI
Russell RAFI Global Large Company	FTSE RAFI All-World 3000 Index
Russell RAFI Global Small Company	FTSE RAFI Developed 1000 Index
Russell RAFI Global ex US Large Company	FTSE RAFI Developed Asia Pacific ex Japan Index
Russell RAFI Global ex US Small Company	FTSE RAFI Developed Asia Pacific ex Japan ex Korea Index
Russell RAFI Global Select Real Estate Index	FTSE RAFI Developed Europe Mid Small Index
Russell RAFI Global ex US Select Real Estate Index	FTSE RAFI Developed ex US 1000 Index
Russell RAFI US Select Real Estate Index	FTSE RAFI Developed ex US Mid Small 1500 Index
Russell RAFI Canada	FTSE RAFI Developed 1000 ex Korea ex Israel Index
Russell RAFI Japan	FTSE RAFI Emerging Index
Russell RAFI US	FTSE RAFI Emerging plus Korea Index
Russell RAFI US Large Company	FTSE RAFI Europe ex UK Index
Russell RAFI US Small Company	FTSE RAFI Europe Index
Russell RAFI Developed	FTSE RAFI Developed ex US 1000 Country Indices
Russell RAFI Developed Large Company	FTSE RAFI Australia 200 Index
Russell RAFI Developed Small Company	FTSE RAFI Brazil 50 Index
Russell RAFI Developed ex US	FTSE RAFI Canada Mid Small Index
Russell RAFI Developed ex US Large Company	FTSE RAFI Japan 350 Index
Russell RAFI Developed ex US Small Company	FTSE RAFI Mexico Index
Russell RAFI Developed ex South Korea	FTSE RAFI Sweden Index

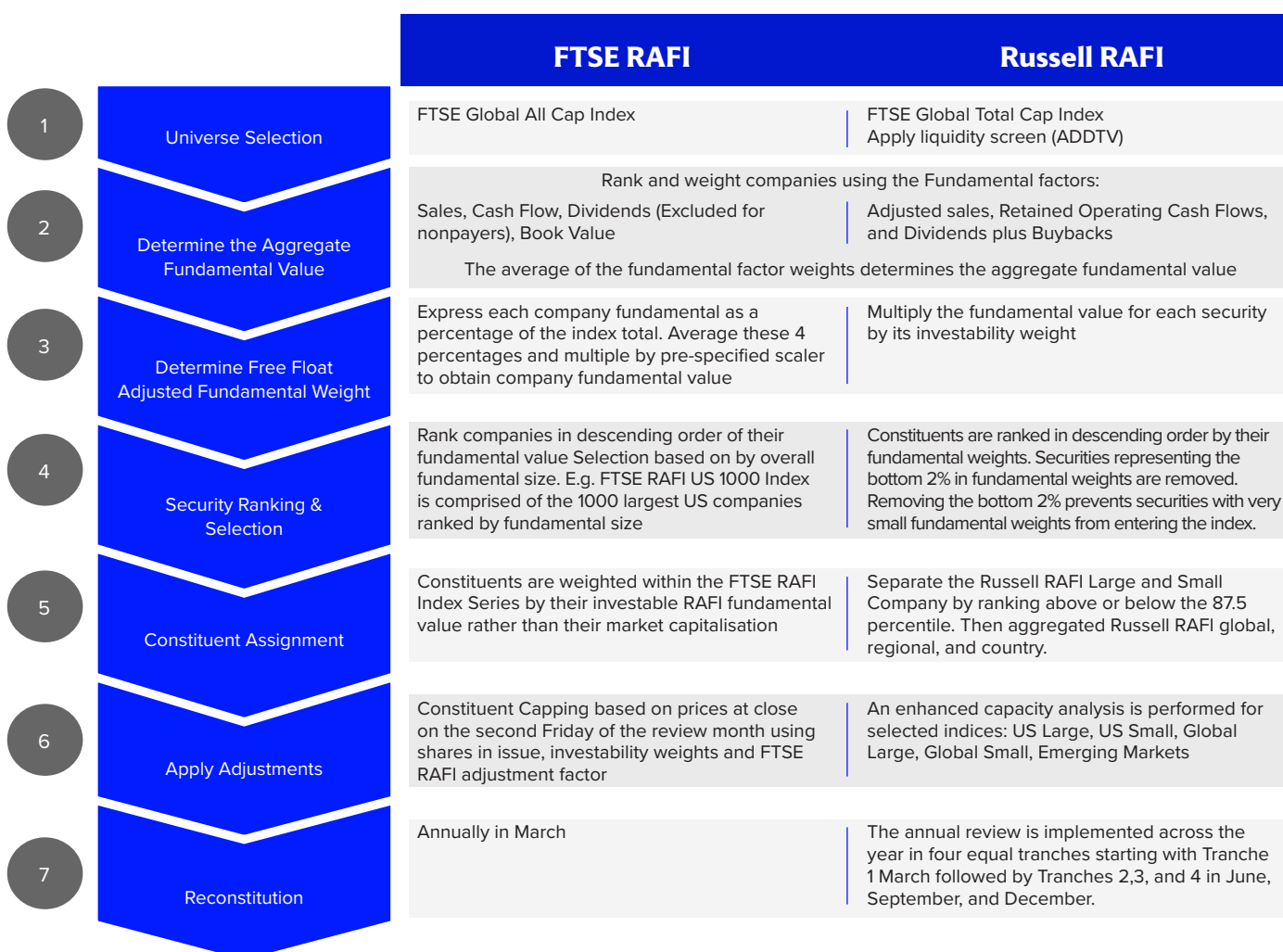
Also available is the **Russell RAFI Select Real Estate Index Series**. This is a sub-set of the Russell RAFI Global Index, and is designed to provide exposure to the real estate segment of the global equity market by selecting an weighting securities by fundamental measures of company size as opposed to market capitalization.



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	FTSE RAFI	Russell RAFI
Universe	FTSE Global All Cap	FTSE Global Total Cap
Fundamental Factors	Sales Cash Flow Book Value Dividends	Adjusted Sales Dividends + Buybacks Retained Cash Flow
Rebalance	Available as: – Annual Recon. (March)	– Annual reconstitution in quarterly tranches (Mar/Jun/Sep/Dec)
Strategies	More than 100 regional and single country indices	More than 60 regional and single country indices
Start Date	November 28, 2005	February 24, 2011

Index Construction



	FTSE RAFI	RUSSELL RAFI
Sales	Company sales averaged over the prior five years	Total Annual Sales adjusted for constituent's financial leverage: Average Equity/Average Assets <i>(averaged over 5 years)</i>
Cash Flow	Company cash flow averaged over the prior five years	Retained Operating Cash Flow from Operations less Dividends & Buybacks <i>(averaged over 5 years)</i>
Dividends*	Total dividend distributions averaged over the last five years	Dividends Paid & Share Buybacks <i>(averaged over 5 years)</i>
Book Value	Company book value at the review date <i>(most recent fiscal year ending)</i>	n/a

Periodic Review

The FTSE RAFI Index Series will be reviewed annually in March based on data as at the close of business on the last trading day of January, considering any additions and deletions planned in the underlying indices.

The Russell RAFI Index Series is reviewed each year in March based on data as at the close of business on the last trading day of January, considering any additions and deletions planned in the FTSE Global Total Cap Index.

Transparency and Governance

Managed according to a publicly available, transparent rule set and in accordance with FTSE Russell's global best practice standards of index governance.

About FTSE Russell

FTSE Russell is a leading global provider of index and benchmark solutions, spanning diverse asset classes and investment objectives. As a trusted investment partner we help investors make better-informed investment decisions, manage risk, and seize opportunities.

Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

Contact Us

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