

SOLUTION OVERVIEW

FTSE UCITS Capped Indices



The FTSE UCITS Capped Indices are market capitalisation-weighted equity Indices designed to help investors and investment product providers meet the Undertakings for Collective Investment of Transferable Securities (UCITS) concentration requirements for European Union registered funds. Based on the flagship FTSE Global Equity Index Series (FTSE GEIS) and the FTSE EPRA Nareit Global Real Estate Index Series, the Indices also provide diversified exposure to a wide range of target markets.

Capping approach

The index capping methodology applied to the FTSE UCITS Capped Indices aims to adhere to the UCITS concentration requirements while reducing the probability that index constituents breach the 10/5/40 rule and reflecting the distribution profile of the underlying uncapped index.

Comparison of UCITS concentration rules and FTSE UCITS Capped Indices methodology:

	UCITS rules	FTSE UCITS Capped Indices ¹	Why the difference?
Individual company weights	Limited to 10%	Limited to 9%	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 UCITS rules
Combined rule	10/5/40	9/4.5/38	Combined approach reduces the possibility of breaching UCITS rules at implementation
Compliance frequency	Quarter close or Daily	Quarterly (third Friday), with intra-quarter exceptions. Daily Capped Indices are monitored daily for breaches and re-capped intra-quarter with notice.	Reflect target opportunity set

¹ In addition to the standard FTSE UCITS Capped Index methodology, an alternative “30/18” capping approach is available for select Indices. Please refer to the ground rules for additional details: https://research.ftserussell.com/products/downloads/Capping_Methodology_Guide.pdf



Capping process overview

STEP 1: Cap largest companies

Companies $\geq 9\%$ are capped at 9%

Weights of the remaining companies are increased as a consequence, and uncapped companies are checked for 9% breach. If uncapped companies are $>9\%$, capping is applied and weights are redistributed.

STEP 2: Cap at aggregate company level

Group largest companies and limit aggregate weight to 38%

Rank companies in descending order and limit the combined weight of those companies whose individual weights exceed 4.5% to 38% 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 largest of the remaining companies

Any remaining companies $\geq 4.5\%$ are capped at 4.5%.

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

Available Indices²

Region	Country	Index name
AMERICAS	Latin America	FTSE Latin America UCITS Daily Capped FTSE Latin America UCITS Daily Capped Net Tax FTSE Latin America All Cap UCITS Daily Capped FTSE Latin America All Cap UCITS Daily Capped Net Tax
	Brazil	FTSE Brazil UCITS Daily Capped FTSE Brazil UCITS Daily Capped Net Tax FTSE Brazil All Cap UCITS Daily Capped FTSE Brazil All Cap UCITS Daily Capped Net Tax FTSE Brazil 30/18 Capped
	Mexico	FTSE Mexico All Cap UCITS Daily Capped FTSE Mexico All Cap UCITS Daily Capped Net Tax
	China	FTSE China 30/18 Capped
	India	FTSE India 30/18 Capped
	South Korea	FTSE Korea 30/18 Capped
EUROPE	Developed Europe	FTSE EPRA Nareit Developed Europe UCITS Daily Capped FTSE EPRA Nareit Developed Europe UCITS Daily Capped Net Tax
	Taiwan	FTSE Taiwan 30/18 Capped
MIDDLE EAST	Saudi Arabia	FTSE Saudi Arabia UCITS Capped

² Please consult the index ground rules to select the index that meets your index requirements.

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