



The FTSE GWA Index Series universe companies are weighted based upon their ability to create wealth using the following three measures: net profit, cash flow and book value. These Wealth measures are found in a company's profit and loss account and balance sheet. No forecast data is used, the latest twelve month actuals for each company's three Wealth measures is used for the calculation.

1. **The process for calculating a Wealth Weighted index begins by selecting all the constituents of an existing FTSE index.** No constituent beyond the underlying FTSE index is added, likewise no constituents are removed. The FTSE All-Share Index is used for the FTSE GWA UK Index. The FTSE All-World Index Series is used for the FTSE GWA Developed, country and regional indexes. The FTSE All-Share Index contains large, mid and small cap stocks and the FTSE All-World Index contains large and mid cap stocks.

2. **Three Wealth sub portfolios are built, one for each Wealth measure.** Companies within each sub portfolio are weighted by their net profit, cash flow and book value respectively. Companies reporting negative Wealth measures will have a zero weight in that sub portfolio. If a company does not report a Wealth measure, it enters that sub portfolio at its weight in the underlying market cap weighted FTSE Index.

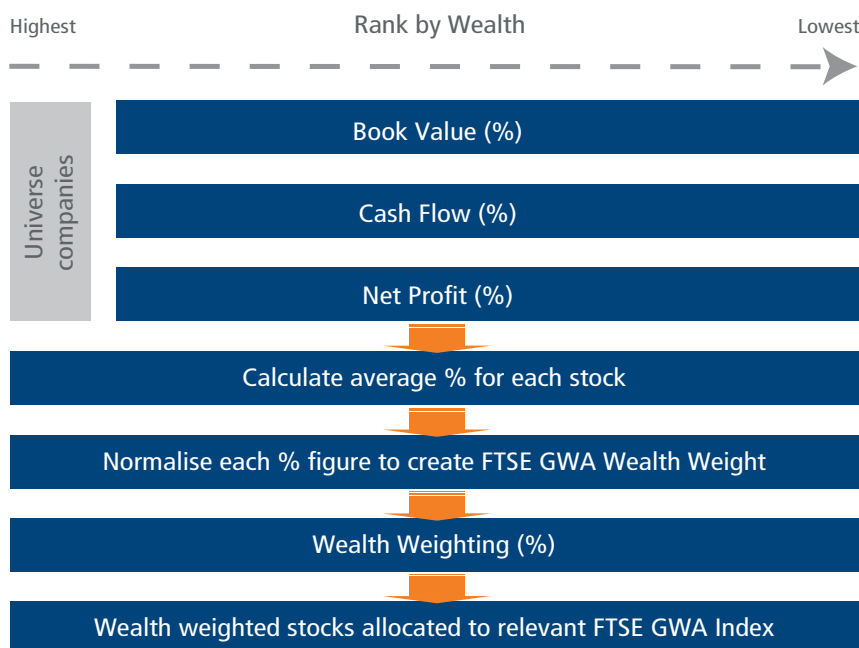
Each Wealth measure is calculated at a company level rather than a stock level. If a company has two or more lines of stocks in the relevant index, the company's Wealth measure is allocated between these lines of stock in proportion to the free-float adjusted market capitalisations at the date of the rebalancing.

3. **An average Wealth Weight is calculated for each stock,** by taking the average of the three sub portfolio weightings.

4. **Each stock weight in the index is normalised,** by dividing each percentage figure by the sum of all the percentage figures.

5. **A weighting factor which is the ratio of the Wealth Weight and the free-float adjusted market weight is calculated for use by FTSE in developing the FTSE GWA Index Series.**

**Example: The FTSE GWA Index Series Construction**



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