

## SOLUTION OVERVIEW

# FTSE BIVA Index



### Indexes for a global market

Created in a joint venture with BIVA, the FTSE BIVA Index is designed to represent the behavior of Mexico's stock market. Using the FTSE Global Equity Index Series (GEIS) as a base, the FTSE BIVA Index uses a higher liquidity threshold to reflect the performance of liquid Mexican companies. Through the FTSE BIVA Index, FTSE Russell provides the insights and tools necessary for investors to gain an accurate view into the most liquid tier of the Mexican market.

#### Features

- Higher liquidity threshold, offering a more liquid segment of the FTSE Mexico All Cap Index
- Rules-based, transparent approach to index construction
- Incorporates liquidity screens, free float minimums, and additional tests to ensure ease of replication
- Governance structure that includes a board of internal experts supported by external advisory committees

#### Results

- Transparent: Provides an unbiased representation of the Mexican equity universe
- Investable: Excludes small, illiquid stocks that are not typically considered by institutional investors due to size, liquidity, or other constraints
- Relevant: Ensures the integrity and adaptability of the index

#### 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.

#### About BIVA

Bolsa Institucional de Valores (BIVA) is a stock exchange based in Mexico, backed by Nasdaq. BIVA provides local and global investors with cutting-edge technology for trading and market solutions, and companies with listing and maintenance services.



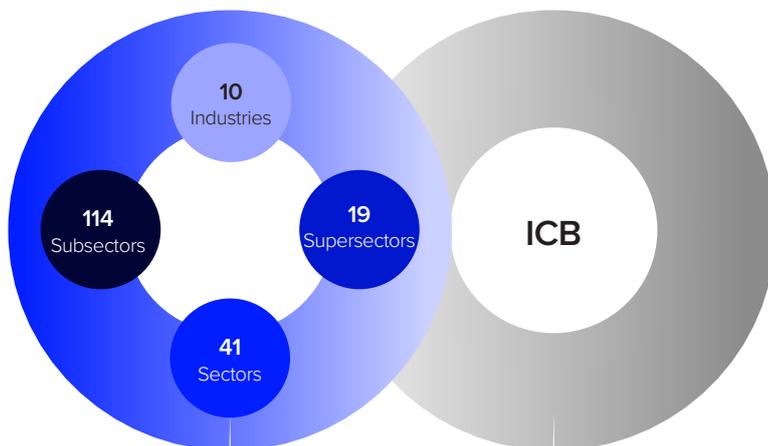
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## Reflecting best practices

When constructing the FTSE GEIS, the aim is to achieve accurate and investable universe coverage, while maintaining consistency and integrity. The index construction methodology has evolved over time to reflect best practices as capital markets have expanded and developed. Methodology enhancements have been implemented consistently across all indexes, including the FTSE Mexico All Cap Index, providing investors with an easily understandable framework for analyzing equity portfolios and managing funds based on active or passive mandates. Based on the FTSE GEIS and underlying FTSE Mexico All Cap Index, the FTSE BIVA Index reflects this index construction process and all fundamental rules and benefits.

### ICB: a comprehensive sector classification scheme

Used as a base for FTSE GEIS, the Industry Classification Benchmark (ICB) allocates companies to the subsector that most closely represents the nature of its business, determined by its primary source of revenue and other publicly available information. Our modular index design supports a broad spectrum of sub-indexes based on country, region, sector, size, and other customized needs. The benefits of ICB are reflected in the FTSE BIVA Index.



## FTSE BIVA Index Construction

- Universe: All constituents of the FTSE Mexico All Cap Index are eligible for inclusion
- Higher liquidity threshold: Designed to reflect the performance of liquid Mexican companies
- Investable: Index constituents are weighted by market capitalization
- Relevant: Reviewed semi-annually in March and September

### Liquidity calculation:

- Each security is tested for liquidity semi-annually in March and September by calculation of its monthly median trading volume.
- Each month, the median daily trading volume for each security is calculated as a percentage of the shares in issue for that day adjusted by the free float review cut off date.
- For newly eligible securities where the liquidity test period is less than 12 months, the liquidity test will be applied on a pro-rata basis.
- Liquidity thresholds are determined by size and differ for constituents and non-constituents.

**Table 1: Existing Constituent and Non-Constituent Liquidity Thresholds**

Size Segment	Constituent	Non-Constituent
Large	0.04	0.05
Mid	0.07	0.08
Small	0.11	0.12

The FTSE BIVA Index was designed in cooperation with BIVA to ensure a global perspective based upon knowledge gained through local partnership. FTSE Russell's goal of providing greater access to Mexico's market couples well with BIVA's objective of expanding Mexico's investable opportunity set. The two partners will continue to work together to provide investors with a viable, liquid market.

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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.

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