

# RAFI™ Global Equity Investable Universe: Methodology

## Introduction

The RAFI Global Equity Investable Universe (GEIU) is the starting point for all index strategies available through RAFI Indices.

## Eligible Exchanges and Equity Security Types

The eligible exchanges for developed and emerging markets are shown in Appendix A: Eligible Exchanges. Eligible securities consist of all common equity securities traded on primary eligible exchanges, and preferred shares in countries where preferred shares are economically equivalent to common, issued by companies that are assigned to countries classified by RAFI Indices as developed and emerging markets.

**Table 1: Eligible Developed and Emerging Market Countries**

DEVELOPED MARKETS*			EMERGING MARKETS*		
Americas	Europe	Asia	Latin America	EMEA	Asia
Canada	Austria	Australia	Brazil	Czech Rep	China
United States	Belgium	Hong Kong	Chile	Egypt	India
	Denmark	Japan	Colombia	Greece	Indonesia
	Finland	New Zealand	Mexico	Hungary	South Korea
	France	Singapore	Peru	Kuwait	Malaysia
	Germany			Poland	Philippines
	Ireland			Qatar	Taiwan
	Israel			Saudi Arabia	Thailand
	Italy			South Africa	
	Netherlands			Turkey	
	Norway			UAE	
	Portugal				
	Spain				
	Sweden				
	Switzerland				
	United Kingdom				

\*As of March 2025, there are 23 developed market countries and 24 emerging market countries eligible for inclusion.

## Country Assignment

RAFI assigns companies to countries and promulgates that assignment to securities. The country assignments are based on country of primary listing, domicile, and incorporation. If a company's primary listing is on a stock exchange in the same country as the company is domiciled and incorporated, then the company is assigned to that country. If the country of domicile is different from the country of incorporation and the primary listing is in the country of domicile, then the company is assigned to the country of primary listing and domicile. If the country of primary listing is different from the country of domicile and the country of primary listing is in the country of incorporation, then the company is assigned to the country of primary listing and incorporation. If the country of domicile is the same as the country of incorporation,

but is different from the country of primary listing, then the company is assigned to the country of domicile and incorporation. If the country of primary listing, domicile, and incorporation all differ, and for exceptions to these rules, country assignment is based on other factors including domicile of parent company, management location, source of sales, trading volume, and reporting currency.

## Eligible Investible Equity Securities

Securities and companies are eligible to be included in the GEIU by meeting certain criteria defined below:

1. An initial investibility screen is applied to remove companies with zero volume, zero shares outstanding, and zero price.
2. Eligible companies must meet the required minimum market capitalization in order to be included in the universe. For the purpose of determining a company's market capitalization, all security lines for that company are aggregated. Minimum market capitalization rules are as follows:
  - a. Minimum Cumulative Weight – Within each country defined in Table 1, companies are sorted in descending order by unadjusted market capitalization. For each company, a free float-adjusted market capitalization weight is then calculated. Companies with cumulative free float-adjusted market capitalization weight greater than 99% are excluded from the starting universe.
  - b. Minimum Unadjusted Market Capitalization –A minimum unadjusted market capitalization range is defined by RAFI Indices for developed and emerging markets. The range will ensure the size of the smallest companies are comparable among countries in developed and emerging markets.
  - c. Minimum Adjusted Market Capitalization –Companies with adjusted market capitalization that is less than 50% of the unadjusted market capitalization of the smallest company within its country that passes the minimum unadjusted market capitalization threshold defined in Section 2.b are excluded from the universe.
3. Liquidity Threshold – To be eligible in the universe, a company must meet the liquidity screen as defined below:
  - Company Daily Volume / Adjusted Company Market Capitalization  $\geq 0.05\%$
  - Where company Daily Volume is the maximum of the 30-day and 90-day median daily traded value in USD and company daily volume must be greater than or equal to \$100,000 USD.

## RAFI Weights for Each Company

Company weights are calculated using the Fundamental Index™ methodology. This process breaks the price-size link and instead weights companies by four fundamental measures of company size:

1. **Adjusted Sales** – Company Sales multiplied by company equity to assets ratio averaged over the past five years.
2. **Adjusted Cash Flow** – Company operating cash flow averaged over the past five years plus company R&D expenses averaged over the past five years.
3. **Dividends + Buybacks** – Dividends paid and share buybacks averaged over the past five years.
4. **Book Value + Intangibles** – Most recent company book value plus research capital, with research capital defined as the accumulation of R&D expenses over the past six years.

An aggregate fundamental weight is calculated for each company by averaging the normalized accounting measures for each of the four accounting measures. This is the fundamental weight of the company.

## Region & Size Classification

Within each country listed in Table 1, eligible companies are sorted in descending order by unadjusted RAFI weights. Companies are classified as large, mid, small and micro depending on their rankings as outlined in Table 2. In order to reduce turnover from companies moving back and forth between size classifications each year, a banding approach is also applied to companies in order to move from one size classification to another. For example if a company became eligible for the GEIU in year  $t$  and ranked in the top 68% of cumulative fundamental weight within its assigned country, it would be classified as large company. If in year  $t+1$  that company ranked in the top 68.5% by cumulative fundamental weight, it would continue to be classified as large company in year  $t+1$ . If in year  $t+2$  it ranked in the top 69.5% by cumulative fundamental weight, it would then be reclassified as mid company in year  $t+2$ .

**Table 2: Size Classification and Size Bands**

Size Classification	Cumulative Fundamental Weight Rank	Size Band
Large Company	0% - 68%	+1% (69%)
Mid Company	68% - 86%	-/+ 1% (67% - 87%)
Small Company	86% - 98%	-1%/+0.5% (85% - 98.5%)
Micro	98% - 100%	-0.5% (97.5%)

Companies are then assigned to region/size buckets according to country and size classification. Table 3 outlines the region assignment for each country. The total global large/mid universe is the union of all companies classified as large and mid company in each of the seven regions. The global small universe is the union of all companies classified as small company in each of the seven regions.

**Table 3: Region Classification**

DEVELOPED MARKETS					EMERGING MARKETS	
United States	Japan	United Kingdom	Developed Europe, ex UK	Other Developed Markets	China	Emerging Markets ex-China
US	Japan	UK	Austria Belgium Denmark Finland France Germany Ireland Italy Netherlands Norway Portugal Spain Sweden Switzerland	Australia Canada <b>Asia Pacific</b> Israel Hong Kong New Zealand Singapore	China	Brazil India South Africa South Korea Taiwan <b>Americas</b> Chile Colombia Mexico Peru <b>EMEA</b> Czech Republic Egypt Greece Hungary Kuwait Poland Qatar Saudi Arabia Turkey UAE <b>Asia Pacific</b> Indonesia Malaysia Philippines Thailand

As of March 2025, there are 23 developed market countries and 24 emerging market countries eligible for inclusion.

## RAFI Global Equity Investable Universe as of March, 2025

Table 4 outlines the number of companies within each region/size classification.

**Table 4: Region/Size Classification**

Region	Large Company	Mid Company	Small Company	Micro	Total
Developed Europe ex UK	133	169	384	250	936
Other Developed	126	158	293	225	802
Emerging Markets ex CN	337	516	1130	757	2,740
Japan	133	196	371	175	875
United Kingdom	22	43	120	85	270
United States	181	328	988	1432	2,929
China	120	236	485	317	1,158
<b>Total</b>	<b>1,052</b>	<b>1,646</b>	<b>3,771</b>	<b>3,241</b>	<b>9,710</b>

## APPENDIX A: Eligible Exchanges

ISO Country Code	MIC	Exchange Name	Country	Developed/ Emerging
AU	XASX	Australian Securities Exchange	Australia	Developed
AT	XWBO	Wiener Borse	Austria	Developed
BE	XBRU	Euronext Brussels	Belgium	Developed
CA	XTSE	Toronto Stock Exchange	Canada	Developed
DK	XCSE	Copenhagen Stock Exchange	Denmark	Developed
FI	XHEL	Helsinki Stock Exchange	Finland	Developed
FR	XPAR	Euronext Paris/European Stock Exchange	France	Developed
DE	XETR	XETRA	Germany	Developed
HK	XHKG	Hong Kong Exchanges and Clearing	Hong Kong	Developed
HK	SHSC	Shanghai - Hong Kong Stock Connect	Hong Kong	Developed
HK	SZSC	Shenzhen - Hong Kong Stock Connect	Hong Kong	Developed
IE	XDUB	Irish Stock Exchange	Ireland	Developed
IL	XTAE	Tel-Aviv Stock Exchange	Israel	Developed
IT	MTAA	ELECTRONIC SHARE MARKET	Italy	Developed
JP	XJAS	Tokyo Stock Exchange JASDAQ	Japan	Developed
JP	XTKS	Tokyo Stock Exchange	Japan	Developed
JP	XOSE	OSAKA EXCHANGE	Japan	Developed
LU	XLUX	Luxembourg Stock Exchange	Luxembourg	Developed
NL	XAMS	Euronext Amsterdam	Netherlands	Developed
NZ	XNZE	NZX Limited/New Zealand Exchange	New Zealand	Developed
NO	XOSL	Oslo Stock Exchange/Oslo Bors	Norway	Developed
PT	XLIS	Euronext Lisbon	Portugal	Developed
SG	XSES	Singapore Exchange	Singapore	Developed
ES	XMAD	BOLSA DE MADRID	Spain	Developed
SE	XSTO	NASDAQ OMX /Stockholm Stock Exchange	Sweden	Developed
CH	XSWX	SIX Swiss Exchange	Switzerland	Developed
GB	XLON	London Stock Exchange	United Kingdom	Developed
US	XNYS	NYSE	United States	Developed
US	XASE	NYSE MKT LLC	United States	Developed
US	XNCM	NASDAQ CAPITAL MARKET	United States	Developed
US	XNGS	NASDAQ/NGS (GLOBAL SELECT MARKET)	United States	Developed
US	XNMS	NASDAQ/NMS (GLOBAL MARKET)	United States	Developed
BR	BVMF	BM&F BOVESPA	Brazil	Emerging
CL	XSGO	Bolsa de Comercio de Santiago	Chile	Emerging
CN	XSHE	Shenzhen Stock Exchange	China	Emerging
CN	XSHG	Shanghai Stock Exchange	China	Emerging
CN	XSEC	Shenzhen Stock Exchange - Hong Kong Connect	China	Emerging

CN	XSSC	Shanghai Stock Exchange - Hong Kong Connect	China	Emerging
CO	XBOG	Bolsa de Valores de Colombia	Colombia	Emerging
CZ	XPRA	PRAGUE STOCK EXCHANGE	Czech Republic	Emerging
EG	XCAI	Egyptian Exchange	Egypt	Emerging
GR	XATH	Athens Exchange SA - Cash Market	Greece	Emerging
HU	XBUD	Budapest Stock Exchange	Hungary	Emerging
IN	XNSE	National Stock Exchange of India	India	Emerging
IN	XBOM	BSE India Limited/Bombay Stock Exchange	India	Emerging
ID	XIDX	Indonesia Stock Exchange	Indonesia	Emerging
KW	XKUW	Kuwait Stock Exchange	Kuwait	Emerging
MY	XKLS	Bursa Malaysia	Malaysia	Emerging
MX	XMEX	Bolsa Mexicana de Valores	Mexico	Emerging
PE	XLIM	Bolsa de Valores de Lima	Peru	Emerging
PH	XPHS	Philippine Stock Exchange	Philippine	Emerging
PL	XWAR	Warsaw Stock Exchange	Poland	Emerging
QA	DSMD	Qatar Stock Exchange/Doha Securities Market	Qatar	Emerging
SA	XSAU	SAUDI STOCK EXCHANGE	Saudi Arabia	Emerging
ZA	XJSE	Johannesburg Stock Exchange (JSE)	South Africa	Emerging
KR	XKOS	Korea Exchange (KOSDAQ)	South Korea	Emerging
KR	XKRX	Korea Exchange (STOCK MARKET)	South Korea	Emerging
TW	XTAI	Taiwan Stock Exchange Corp	Taiwan	Emerging
TH	XBKK	Stock Exchange of Thailand	Thailand	Emerging
TR	XIST	Borsa Istanbul	Turkey	Emerging
AE	XDFM	Dubai Financial Market	UAE	Emerging
AE	XADS	Abu Dhabi Securities Exchange	UAE	Emerging
AE	DIFX	NASDAQ DUBAI	UAE	Emerging

# Important Information

The material contained in this document is for information purposes only. This material is not intended as an offer or solicitation for the purchase or sale of any security or financial instrument, nor is it advice or a recommendation to enter into any transaction. RAFI Indices, LLC, its affiliates, agents, and each of their respective officers, directors, employees, agents, representatives and licensors (collectively “RI”) does not make any warranties, express or implied, to anyone regarding the information provided herein, including, without limitation, any warranties with respect to the timeliness, sequence, accuracy, completeness, currentness, merchantability, quality or fitness for a particular purpose or any warranties as to the results to be obtained by any third-party in connection with the use of the information. Nothing contained in this material is intended to constitute legal, tax, securities or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. The general information contained in this material should not be acted upon without obtaining specific legal, tax and investment advice from a licensed professional. Investors should be aware of the risks associated with data sources and quantitative processes used to create the content contained herein or the investment management process. Errors may exist in data acquired from third party vendors, the construction or coding of indices or model portfolios, and the construction of the spreadsheets, results or information provided. RI takes reasonable steps to eliminate or mitigate errors, and to identify data and process errors so as to minimize the potential impact of such errors, however RI cannot guarantee that such errors will not occur. Use of this material is conditioned upon, and evidence of, the user's full release of RI from any liability or responsibility for any loss or damage, direct, indirect or consequential, arising from or related to (i) any inaccuracy or incompleteness in, errors or omissions in the information or (ii) any decision made or action taken by any third party in reliance upon this information. RI shall not be liable to anyone for loss of business revenues, lost profits or any indirect, consequential, special or similar damages whatsoever, whether in contract, tort or otherwise, even if advised of the possibility of such damages.

Certain performance information presented represents simulated performance or performance based on combined simulated index data (pre-index launch) and live index data (post-index launch). Hypothetical investor accounts depicted are not representative of actual client accounts. Indexes are unmanaged and cannot be invested in directly. Past simulated performance is no guarantee of future performance and does not represent actual performance of an investment product based on an index. No allowance has been made for trading costs, management fees, or other costs associated with asset management, as the information provided relates only to the index itself. Actual investment results will differ. As such, the simulated data may have under- or over-compensated for the impact, if any, of certain market factors. Simulated returns may not reflect the impact that material economic and market factors might have had on the advisor's decision making if the advisor were actually managing clients' money. Simulated data is subject to the fact that it is designed with the benefit of hindsight. Simulated returns carry the risk that actual performance is not as depicted is not due to inaccurate predictive modeling. Simulated returns cannot predict how an investment strategy will perform in the future. Simulated returns should not be considered indicative of the skill of the advisor. Investors may experience loss of all or some of their investment.

Any applicable financial instruments are not sponsored, promoted, sold or supported in any other manner by RAFI Indices, LLC or Solactive AG nor does RAFI Indices, LLC or Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Index and/or Index trade mark or the Index Price at any time or in any other respect. The Index is calculated and published by RAFI Indices, LLC and Solactive AG. RAFI Indices, LLC and Solactive AG use their best efforts to ensure that the Index is calculated correctly. Irrespective of their obligations towards Licensee, neither RAFI Indices, LLC nor Solactive AG has any obligation to point out errors in the Index to third parties including but not limited to Licensee, investors and/or financial intermediaries of the financial instrument. Neither publication of the Index nor the licensing of the Index or Index trade mark for the purpose of use in connection with the financial instrument constitutes a recommendation by RAFI Indices, LLC or Solactive AG to invest capital in said financial instrument nor does it in any way represent an assurance or opinion of RAFI Indices, LLC or Solactive AG with regard to any investment in the financial instrument.

The trademarks Fundamental Index™, RAFI™, Research Affiliates Equity™, RAE™ and the Research Affiliates™ trademark and corporate name and all related logos are the exclusive intellectual property of Research Affiliates, LLC and in some cases are registered trademarks in the U.S. and other countries. Various features of the Fundamental Index™ methodology, including an accounting data-based non-capitalization data processing system and method for creating and weighting an index of securities, are protected by various patents, and patent-pending intellectual property of Research Affiliates, LLC. (See all applicable US Patents, Patent Publications, Patent Pending intellectual property and protected trademarks located at [https://www.researchaffiliates.com/en\\_us/about-us/legal.html](https://www.researchaffiliates.com/en_us/about-us/legal.html), which are fully incorporated herein.) Any use of these trademarks, logos, patented or patent pending methodologies without the prior written permission of Research Affiliates, LLC, is expressly prohibited. Research Affiliates, LLC, reserves the right to take any and all necessary action to preserve all of its rights, title, and interest in and to these marks, patents or pending patents.

RAFI Indices, LLC is a wholly owned subsidiary of Research Affiliates Global Holdings, LLC and does not offer or provide investment advice or offer or sell any securities, commodities or derivative instruments or products. Any such business may only be conducted through registered or licensed entities and individuals permitted to do so within the respective jurisdiction and only in conjunction with the legally required disclosure documents and subject to all legally required regulatory filings.

© 2025 RAFI Indices, LLC. All rights reserved. Duplication or dissemination prohibited without prior written permission.