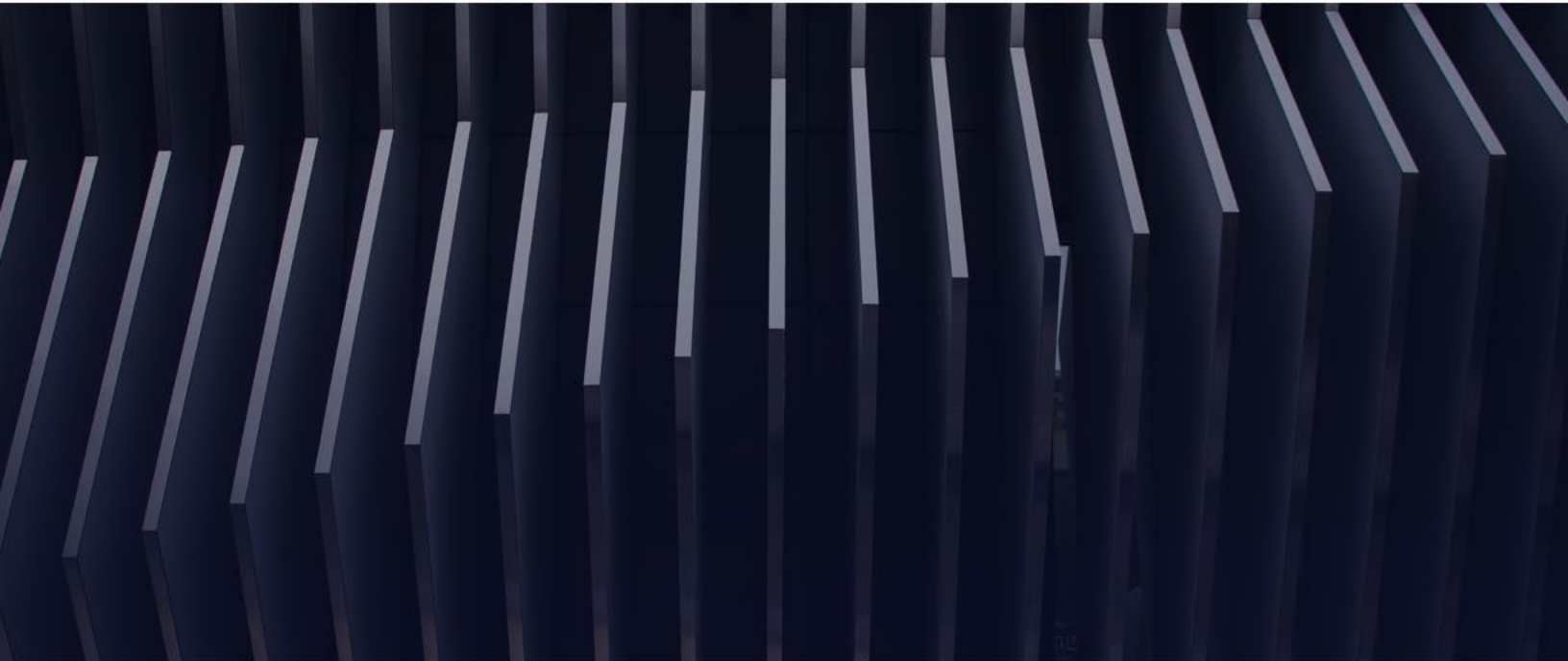


# Wilshire Indexes

---

## Glossary of Terms

July 2024



1 Contents

2 Introduction ..... 2

3 Glossary of Terms..... 2

3.1 Equity Terms Glossary.....2

3.2 Digital Asset Terms Glossary .....7

4 Index Methodology Links ..... 10

4.1 Market Cap Weighted:..... 10

4.2 Non-Market Cap Weighted:..... 10

4.3 Digital Assets:..... 10

4.4 Corporate Actions, Index Calculation and Eligibility Criteria:..... 10

Approval ..... 10

Legal Notices ..... 11

## 2 Introduction

The following is a list of common terms used within Wilshire Indexes official documents and their definition. For more information on detailed index implication or index treatment for a particular term, please consult the respective index guide.

## 3 Glossary of Terms

### 3.1 Equity Terms Glossary

Term	Definition
After the Close	A change applied at the close of trading for an index that does not impact the closing index value. The change will first appear with the following day's opening constituents.
Base Date	The stated date for an index from which performance is measured.
Base Index Value	A stated level (for example: 1000) at a given date from which the performance of the underlying index is measured.
Basis Point	1/100 <sup>th</sup> of a percent. A company sized at 25 basis points would be 0.25 % of a universe. A company sized at 100 basis points would equal 1% of the universe.
Benchmark Administrator	The entity ultimately responsible for the design, maintenance and application of the benchmark methodology. Where a Benchmark is a regulated Benchmark, the entity responsible for ensuring the Benchmark meets all the requirements of the UK Benchmark Regulation.
Benefit Incorporation Country	Countries where companies may incorporate for taxation benefits but otherwise likely lack substantial ties to the jurisdiction.
Business Day	A day where a constituent market is open. For the FT Wilshire GEMS Series, a business day is defined as Monday-Friday except for New Years Day.
Capital Repayment	A distribution to shareholders of their original investment. In many jurisdictions, capital repayments are not considered taxable events. Wilshire will typically treat a capital repayment as a special dividend.
Capped Index	An index subject to maximum size limits for a security or a group of securities within the overall index.
Company Type	The company structure, such as Corporation, Limited Liability Company (LLC), Limited Partnerships (LP and LLP), Special Purpose Acquisition Companies (SPAC).

Term	Definition
Constituent	A security that is a member of a given index and makes up a portion of the market cap of the index.
Contribution to Return	The proportion of a company, subsector etc. on the overall index return for a given time period.
Corporate Action	A change to a company's capital structure with a stated Ex-Date. Examples include stock splits, reverse stock splits, and rights issuances.
Corporate Event	A change to a company without a defined Ex-Date. Changes include acquisitions, bankruptcies, tender offers, and initial public offerings.
Cut-Off Date	The last day where companies can publish information that can be incorporated into an upcoming index rebalance or reconstitution.
Delisting	When a company will no longer be listed on its primary exchange.
Developed Country	A country which is deemed to have advanced economic, regulatory, and financial structure.
Dividend	The periodic distribution of cash or stock by a company to its holders.
Divisor	The numeric value that reconciles the index market cap with the index value based upon the formula $\text{Market Cap} / \text{Divisor} = \text{Index Value}$ .
Emerging Country	A country which is considered to have sufficient economic, regulatory, and financial structure for index inclusion of the company's securities, but not substantial enough to deem the country "developed".
ESG	The European Union has the following definition for ESG: ESG definition is a framework or criteria to measure the sustainability and ethical impact of an investment or a company focusing on 3 fields: Environmental, Social and Corporate Governance
Ex-Date	The first day where a security will trade without the entitlement to a Corporate Action. To ensure correct security level performance, Wilshire Indexes will typically apply dividends, splits, rights issuances, and spin-offs for the ex-date of the event.
Fast Entry	New securities which meet the criteria for immediate inclusion into an index.
Foreign Ownership Restriction	Restrictions that are applied by regulatory bodies on foreign ownership of domestic companies.

Term	Definition
Free Float	The portion of shares outstanding that Wilshire deems as freely available on the marketplace.
FT Wilshire GEMS Series	The FT Wilshire Global Equity Market Series is the flagship global index offering by Wilshire Indexes. The series spans almost 50 countries across 6 continents and serves as a broad-based metric for the performance of the global equity universe.
FT Wilshire 5000 Series	The FT Wilshire 5000 Series is the flagship US index offering by Wilshire Indexes. The constituents cover the US investable opportunity for the equity indexes.
Global Assets Taxonomy System	The FT Wilshire Global Assets Taxonomy System or GATS is a comprehensive method of classifying business activities comprised of 180 subsectors over four hierarchical levels. It is the system used by Wilshire Indexes to allocate company activities across the benchmarks.
Hedged Index	An index which through the use of FX contracts attempts to limit the impact of exchange rate fluctuations on the return of a basket of underlying constituents.
Index Shares	The shares of a security after the application of the investability weight. The shares which factor into a security's index weight in a market cap weighted index.
Index Value	The published value for an index. Usually, an index value is based upon a base index value at a given base date, then adjusted for the return of the underlying basket of assets.
Index Weight	The proportion of an index made up by a company.
Initial Public Offering	The offering of shares of a company as part of its initial listing to a stock exchange.
Investability Weight	The percentage of shares after all adjustments for ownership (Free Float) and regulatory inclusion limits (Foreign Ownership) are made that are considered eligible for index inclusion.
IOSCO	The International Organization of Securities Commissions. An association of global securities regulators
IOSCO Principles	A set of published guidelines for financial benchmarks published by IOSCO to encourage appropriate benchmark governance, integrity, and transparency.
Investable Market Cap	The shares outstanding of a security, multiplied by the investability weight and the price of the security.
Laspeyres calculation	A calculation method where adjustments are made at the end of the day. The Laspeyres calculation is the method preferred by Wilshire Indexes. The general calculation for index returns is $(\text{Ending Market Cap} + \text{Adjustments}) / (\text{Starting Cap})$ .

Term	Definition
Liquidity	The ease of which company shares can be bought or sold on the marketplace.
Market Cap Weighted index	An index where security weights are determined by the price multiplied by the Shares Outstanding, multiplied by the Investability Weight of a security. The FT Wilshire Global Equity Market Series and the FT Wilshire 5000 Series are market cap weighted indexes.
Merger	The combination of one company with another company.
Methodology	The document which contains the formal rules on the composition, reconstitution, and maintenance of the index.
Nationality	The assigned country for a given company.
Net Return	A return where dividends are considered based upon their amounts after the application of dividend withholding tax.
Non-Market Cap Weighted Index	An index where alternative weighting factors are used such as volatility, ESG weightings, smart beta, etc.
Ordinary Dividend	A distribution that has been deemed to be in the normal course of business for a company.
Paasche calculation	A calculation method where adjustments for corporate actions are made at the start of the day. The general calculation for index returns is $\text{Ending Cap}/(\text{Starting Cap} - \text{Adjustments})$ . For the index calculation approach generally taken by Wilshire Indexes, see Laspeyres calculation.
Parent Company	The company that is the driving entity in the corporate event.
Paris Aligned Benchmark	A Paris Aligned Benchmark or (PAB) is an index which complies with European Union regulations on indexes which attempt to conform to the carbon emission reduction objectives of the Paris Agreement.
Percentile Ranking	A ranking method based on cumulative market capitalization. Larger companies are allocated lower numbers. For illustrative purposes, a company in the 10 <sup>th</sup> percentile means that 10% of the cumulative market capitalization of a universe ranks above the given company. A company in the 90 <sup>th</sup> percentile means that 90% of the market capitalization of the universe ranks above the given company.
Price Adjustment Factor	An adjustment factor to be made to the price of a security in index calculations. Typically, to account for a corporate action such as a stock split or special dividend.
Price Return	The index return excluding the impact of ordinary dividends.

Term	Definition
Rebalance	The periodic update of constituent level information to align the index with the marketplace, not as substantial as the reconstitution. The FT Wilshire Global Equity Market Series and the FT Wilshire 5000 Series have their rebalances in June and December.
Reconstitution	The periodic rebuilding of a given index to ensure it meets the underlying criteria dictated within the methodology. The FT Wilshire Global Equity Market Series, and the FT Wilshire 5000 Series have their reconstitutions in March and September.
Return on Capital	A type of dividend, typically considered ordinary, consisting of the distribution of profits without an adjustment to the cost basis of the investment
Reverse Merger	A type of merger where the nominal acquirer is the smaller of the two companies. This strategy is often used as a way for a private company to become public without undertaking an initial public offering.
Reverse Stock Split	The pro-rata consolidation of shares into fewer shares.
Rights Offering	An offer to stockholders to receive more shares for a given price.
Sanctions	Penalties imposed by governments against entities. Wilshire Indexes generally recognizes European Union, United Kingdom, and United States as the sanctioning countries that would preclude index eligibility.
Shares Outstanding	The shares issued by a company, exclusive of any shares held by the company itself (treasury shares).
Size Segment	A portion of the overall index broken out by company cap size. In many cases, the size segment will also be available as a standalone trackable index.
Special Dividend	A dividend that has been deemed to be not in the normal course of business. For dividends that have been declared as special, Wilshire will apply a price adjustment.
Spinoff	When a company distributes shares of an unlisted entity to current holders.
Stock Connect	A scheme that allows access for mainland China investors to access Hong Kong listed shares as well as Hong Kong and overseas investors to trade mainland China listed shares (A shares).
Stock Dividend	The distribution of a proportion of shares of company stock to existing holders.
Stock Split	The distribution of shares to holders on a pro-rata basis.

Term	Definition
Target Company	The company to be acquired or the subject of a tender offer.
Total Market Cap	The shares outstanding multiplied by the price. This is usually the value used in determining the size of a company for eligibility purposes.
Total Return	The index return inclusive of the impact of ordinary dividends.
Winsorization	A statistical method designed to reduce the impact of outliers on the overall calculation. In the process, the smallest and largest values are replaced by the next closest observed values.

### 3.2 Digital Asset Terms Glossary

Term	Definition
Airdrop	A way in which capital and/or new assets are distributed to owners of this asset or of other digital assets on the same network.
Block	A collection of transactions verified by the consensus mechanism. Blocks are cryptographically linked together forming a blockchain.
Blockchain	A distributed ledger on which all transactions of a digital asset are recorded. Transactions are grouped into separate blocks, which are cryptographically linked.
Circulating Market Value	The value of a digital asset which is available for investment and/or trading. Analogous to equity free float market capitalization.
Coin	The unit of account for a digital asset which has its own network and blockchain.
Coins in Issue	The number of coins or tokens available for investment and/or trading.
Consensus Mechanism	The process by which transactions on the network are verified and the integrity of the blockchain is maintained. The consensus mechanism ensures double-spending is prevented. There are several different forms of consensus mechanism; the main two are Proof-of-Work (PoW) and Proof-of-Stake (PoS).
Cryptocurrency	A digital asset using cryptographic standards for security that can be used as a medium of exchange and/or store of value.



Term	Definition
Decentralized Finance	Decentralized Finance (DeFi) refers to either traditional or new forms of financial activity where there is no central authority present in transactions. Transactions are processed via smart contracts with outcomes stored on a blockchain.
Digital Asset	A uniquely identifiable digitally stored item whose ownership and any changes of ownership are stored on a distributed ledger (blockchain). Examples of digital assets include cryptocurrencies such as Bitcoin, smart contract platforms such as Ethereum, and Non-Fungible Tokens (NFTs).
Digital Asset Indexes and Taxonomy System	The Digital Asset Indexes and Taxonomy System or DATS is a standardized classification system covering the entire scope of digital assets.
Emission	A mechanism in which capital is distributed to the holders of a digital asset.
Hard Fork	Hard forks occur when there is a protocol/code change which alters the way in which the digital asset operates; typically the pre and post fork blockchains are incompatible leading to the formation of a new digital asset. Hard forks may be instigated by rival programmers (e.g. Bitcoin Cash), hacks (e.g. Ethereum) or bug fixes (e.g. Terra Luna).
ICO	Initial Coin Offering. Analogous to the equity initial public offering.
Layer 1	A digital asset which independently operates its own network, consensus mechanism and blockchain.
Layer 2	A secondary application layer which runs on top of another network. Layer 2 digital assets leverage the network, consensus mechanism and blockchain of other digital assets and are thus dependent on these.
Network	A collection of connected participants in a digital asset. The overall security of a network is related to the number of participants, with larger numbers of participants equating to greater security.
Non-Fungible Token	A Non-Fungible Token (NFT) is digital asset which represents a unique asset or set of assets (such as artwork or media) such that different parts of the unique asset can have different values.
Proof-of-Stake (PoS)	A consensus mechanism whereby participants lock their assets to the network to prevent malicious actors from sabotaging their and other people's assets. A reward for each block is given to participants in the network who stake their assets. PoS is widely considered to be more environmentally friendly than Proof-Work (PoW) due to its energy efficient credentials; however, unlike PoW, PoS is not a censorship resistant mechanism meaning that the network security is dependent on asset ownership, which can also lead to centralization.

Term	Definition
Proof-of-Work (PoW)	A consensus mechanism whereby miners validate transactions and process them into blocks. The first miner to solve a cryptographical problem which requires a significant amount of computing power, receives a reward. PoW is widely criticized for its energy consumption.
Protocol	The set of rules and algorithms, represented by a computer program, which governs the operation of the digital asset.
Smart Contract	A program which is run by a digital asset network with the result being verified by the consensus mechanism and stored on the blockchain.
Soft Fork	Soft forks occur when there is a protocol/code change which does not have a material impact on the blockchain. Soft forks typically relate to minor bug fixes or the introduction of new features.
Staking	The act of participating in the network consensus process by locking assets to the network. In return the asset owner is rewarded and earns a passive income. Staking is only possible on networks with a proof-of-stake consensus mechanism.
Token	The unit of account for a digital asset which does not have its own network or blockchain. Tokens are typically built as smart contracts, which require a separate network to operate.

## 4 Index Methodology Links

Below is a non-exhaustive list of standard index methodologies and official reference documents –additional documents are available [here](#):

### 4.1 Market Cap Weighted:

[FT Wilshire Global Equity Market Series Methodology](#)

[FT Wilshire 5000 Index Series Methodology](#)

[FT Wilshire GLIO Listed Infrastructure Index Series Methodology](#)

[FT Wilshire US Real Estate Index Series Methodology](#)

### 4.2 Non-Market Cap Weighted:

[FT Wilshire Style Indexes Methodology](#)

[FT Wilshire Factor Indexes Methodology](#)

[FT Wilshire Minimum Variance Indexes Methodology](#)

[FT Wilshire NxtGen Indexes Methodology](#)

[FT Wilshire Climate Change Indexes Methodology](#)

### 4.3 Digital Assets:

[FT Wilshire Digital Asset Index Series Methodology](#)

### 4.4 Corporate Actions, Index Calculation and Eligibility Criteria:

[Wilshire Indexes Equity Index Calculation and Corporate Action Guide](#)

[Wilshire Indexes Input Data Used in Equity Benchmarks](#)

[Wilshire Indexes Error Correction Policy for Equity Indexes](#)

[Paris-Aligned Benchmark Exclusion Criteria](#)

[Paris-Aligned Benchmarks - Carbon Emissions Model](#)

## Approval

This Glossary of Terms was approved by the Index Management Committee.

## Legal Notices

### 1. Intellectual Property

The material herein is © 2024 Wilshire OpCo UK Limited or its affiliates. All rights reserved.

No material published by Wilshire OpCo UK Limited and its affiliates ("Wilshire Indexes") should be construed as granting any license or right to use any copyright, trademark, service mark or other intellectual property right for any purpose whatsoever without the written permission of the lawful owner and an appropriate license.

Wilshire and Wilshire 5000 are registered service marks owned by Wilshire Advisors LLC and are used under license. "FT" is the trade mark of the Financial Times Limited and is used under licence.

"Information" means any data, text, or other material published or made available by Wilshire Indexes whether owned by Wilshire Indexes or a third-party. This includes presentations, factsheets, product files, methodology documents, benchmark statements, policies or other documents relating to the operation, calculation or administration of Wilshire Indexes benchmarks, whether supplied physically or published electronically, for example on Wilshire Indexes websites or the websites or materials of Wilshire Indexes clients that relate to Wilshire Indexes.

All Information is provided for information purposes only and is made available "as is" without warranty or other commitment of any kind.

Use or distribution of Information requires a license from Wilshire Indexes.

No part of the Information contained herein may be copied, stored in a retrieval system, distributed, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission from Wilshire Indexes.

None of the Information may be used to create derivative works or to verify or correct other data or Information. For example (but without limitation), the Information may not be used to create indexes, databases, risk models, analytics, software, or in connection with the issuing, offering, sponsoring, managing or marketing of any securities, portfolios, financial products or other investment vehicles utilizing or based on, linked to, tracking or otherwise derived from the Information or any other Wilshire Indexes data, Information, products or services.

### 2. Disclaimers

Wilshire Indexes entities and their respective directors, officers, employees, partners and licensors make no claim, prediction, warranty, representation or other commitment whatsoever, expressly or impliedly, as to the accuracy, timeliness, completeness, merchantability of any Information available or of results to be obtained from the use of the Information or the fitness or suitability of the Information for any particular purpose to which it might be put.

Any representation of historical data is provided for informational purposes only and is not a reliable indicator of future performance. The Information may contain back-tested data. Back-tested performance is not actual performance but is hypothetical. There may be differences between back-tested performance results and actual results subsequently achieved by any investment strategy.

To the fullest extent permitted by applicable law, Wilshire Indexes entities and their respective directors, officers, employees, partners, and licensors accept no responsibility or liability for:

- a) any loss or damage in whole or in part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstance involved in procuring, collecting, calculating, analyzing, editing, transcribing, transmitting, communicating, or delivering the Information or from use of the Information; and
- b) any direct, indirect, special, consequential, or incidental damages whatsoever, even if Wilshire Indexes (or the relevant person) is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, the Information.

Wilshire Indexes entities and their respective directors, officers, employees, partners, and licensors do not provide investment advice and nothing in the Information or any links thereto, including statistical data and industry reports, should be taken as constituting financial or investment advice or a financial promotion.

Wilshire Indexes entities and their respective directors, officers, employees, partners, and licensors are not responsible for and make no representation regarding the appropriateness or suitability of using, or investing in any financial instrument or entering into any contract linked to, Wilshire Indexes benchmarks or other Information provided by Wilshire Indexes and any decision to engage in such use or to invest in any such instrument or enter into any such contract should not be made in reliance on Wilshire Indexes benchmarks or other Information provided or published by Wilshire Indexes. All Information is impersonal and not tailored to the needs of any person, entity, or group of persons.

To the fullest extent permitted by applicable law, Wilshire Indexes entities and their respective directors, officers, employees, partners and licensors will not be liable in contract or tort (including negligence), for breach of statutory duty, misrepresentation or otherwise, in respect of any inaccuracies, errors, omissions, delays, failures, cessations or changes (material or otherwise) in Wilshire Indexes benchmarks or other Information.

Wilshire Indexes is the trading name of Wilshire OpCo UK Limited, a company registered in England and Wales under registered number 12991656, with its registered office at C/O Tmf Group, 13th Floor, One Angel Court, London EC2R 7HJ, United Kingdom. Wilshire OpCo UK Limited is authorized and regulated by the Financial Conduct Authority as a benchmark administrator, with reference number 985021.

## Contact Us

[wilshireindexes.com/contact](https://wilshireindexes.com/contact)

## About Wilshire Indexes

Wilshire Indexes provides institutional investors, asset managers and retail intermediaries with a global benchmark platform that offers global coverage of the markets through the leading FT Wilshire Index Series.

To learn more about FT Wilshire Indexes, visit  
[wilshireindexes.com](https://wilshireindexes.com)