

# Wilshire Large Cap Optimized Diversification Index<sup>SM</sup>

The Wilshire Large Cap Optimized Diversification Index is designed to provide optimized diversification to the U.S. large-cap equity market based on a proprietary correlation-weighted diversification methodology. The Index aims to capture a higher level of stock specific risk relative to the Wilshire US Large-Cap Index<sup>SM</sup>, while maintaining diversified exposure to market sectors.

## Membership

To be included in the Wilshire Large Cap Optimized Diversification Index, an issue must:

- Be a constituent of the Wilshire US Large-Cap Index for more than six months
- Be selected using the proprietary correlation weighted diversification optimizer

## Adjustments & Maintenance

Changes to the composition of the Index and updates of component shares are based on the following rules:

### Composition Changes

The composition of the Wilshire Large Cap Optimized Diversification Index is reviewed quarterly. Additions and deletions are made after the close of trading on the last day of the calendar quarter and are pre-announced by the second day prior to the implementation date.

- Additions include any constituent of the Wilshire US Large-Cap Index selected using the proprietary correlation-weighted diversification optimizer for inclusion as of close of trading on the 10th business day of the last calendar quarter month.
- Deletions include any constituent of the Wilshire US Large-Cap Index not selected using the proprietary correlation-weighted diversification optimization for inclusion as of close of trading on the 10th business day of the last calendar quarter month.
- During the calendar quarter, any issue that is delisted or acquired is removed as an Index constituent with the weights proportionally distributed across remaining Index constituents.
- Securities that are spun-off from existing constituents are added to the Index until the next rebalance date.

## Weighting

- The Index is weighted based on a process designed to optimize the diversification benefit of each security in the Index based on a correlation-weighted methodology.
- Individual security position sizes are constrained to a maximum of 1% of the Index.
- Sector exposures are constrained to between 0.5x to 2x, where the Wilshire US Large-Cap Index is the reference portfolio for the sector allocation based on Industry Classification Benchmark (ICB) methodology.

## For Further Information

Please visit [wilshire.com](http://wilshire.com) or email [wilshireindexes@wilshire.com](mailto:wilshireindexes@wilshire.com).

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