(12) INTERNATIONAL APPLICATION PUBLISHED UNDER THE PATENT COOPERATION TREATY (PCT)

(19) World Intellectual Property Organization
International Bureau

(43) International Publication Date
25 August 2005 (25.08.2005)

PCT

(10) International Publication Number
WO 2005/076812 A2

(51) International Patent Classification: Not classified

(21) International Application Number:
PCT/US2005/002345

(22) International Filing Date: 27 January 2005 (27.01.2005)

(25) Filing Language: English

(26) Publication Language: English

(30) Priority Data:

60/541,733	4 February 2004 (04.02.2004)	US
10/961,404	12 October 2004 (12.10.2004)	US

(71) Applicant and
(72) Inventor: **ARNOTT, Robert, D.** [US/US]; Pasadena, California (US).

(74) Agent: **ALBRECHT, Ralph, P.**; VENABLE LLP, P.O. Box 34385, Washington, DC 20043-9998 (US).

(81) Designated States *(unless otherwise indicated, for every kind of national protection available)*: AE, AG, AL, AM, AT, AU, AZ, BA, BB, BG, BR, BW, BY, BZ, CA, CH, CN, CO, CR, CU, CZ, DE, DK, DM, DZ, EC, EE, EG, ES, FI, GB, GD, GE, GH, GM, HR, HU, ID, IL, IN, IS, JP, KE, KG, KP, KR, KZ, LC, LK, LR, LS, LT, LU, LV, MA, MD, MG, MK, MN, MW, MX, MZ, NA, NI, NO, NZ, OM, PG, PH, PL, PT, RO, RU, SC, SD, SE, SG, SK, SL, SY, TJ, TM, TN, TR, TT, TZ, UA, UG, US, UZ, VC, VN, YU, ZA, ZM, ZW.

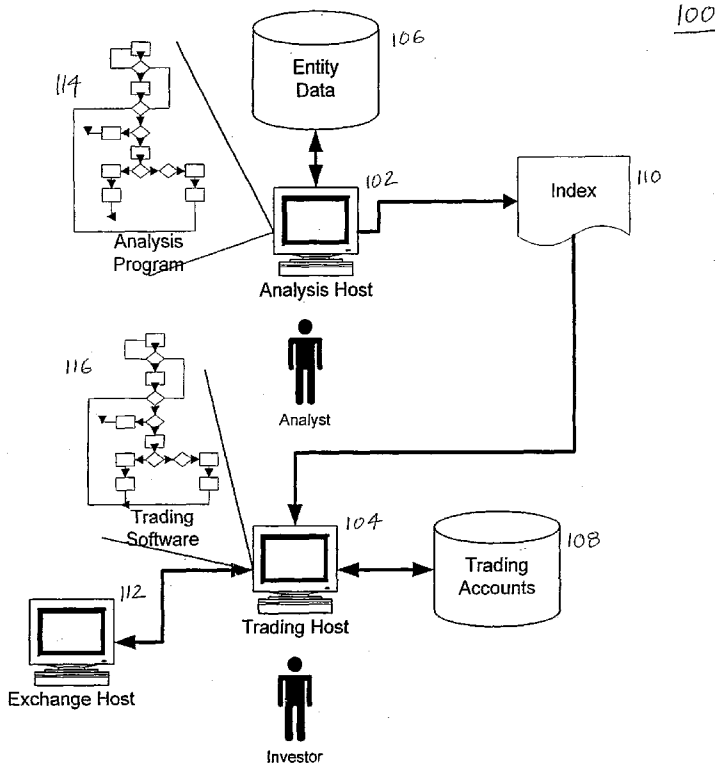
(84) Designated States *(unless otherwise indicated, for every kind of regional protection available)*: ARIPO (BW, GH, GM, KE, LS, MW, MZ, NA, SD, SL, SZ, TZ, UG, ZM, ZW), Eurasian (AM, AZ, BY, KG, KZ, MD, RU, TJ, TM), European (AT, BE, BG, CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, HU, IE, IS, IT, LT, LU, MC, NL, PL, PT, RO, SE, SI, SK, TR), OAPI (BF, BJ, CF, CG, CI, CM, GA, GN, GQ, GW, ML, MR, NE, SN, TD, TG).

Declarations under Rule 4.17:

— *as to applicant's entitlement to apply for and be granted a patent (Rule 4.17(ii)) for all designations*
— *as to the applicant's entitlement to claim the priority of the earlier application (Rule 4.17(iii)) for all designations*
— *as to the applicant's entitlement to claim the priority of the earlier application (Rule 4.17(iii)) for all designations*
— *of inventorship (Rule 4.17(iv)) for US only*

[Continued on next page]

(54) Title: NON-CAPITALIZATION WEIGHTED INDEXING SYSTEM, METHOD AND COMPUTER PROGRAM PRODUCT



(57) Abstract: A passive investment system based on indices created from various metrics is disclosed. The indexes may be built with metrics other than market capitalization weighting, price weighting or equal weighting. These metrics may include, but are not limited to book value, sales, revenue, earnings, earnings per share, income, income growth rate, dividends, dividends per share, earnings before interest, tax, depreciation and amortization, etc. Non-financial metrics may also be used to build indexes to create passive investment systems. Additionally, a combination of financial non-market capitalization metrics may be used along with non-financial metrics to create passive investment systems. Once the index is built, it may be used as a basis to purchase securities for a portfolio. As the data underlying the indexes changes because of, e.g., economic activity, the index may be updated and may be used as a basis to rebalance the portfolio. Alternatively, the index can be rebalanced when a pre-determined threshold is reached. Specifically excluded are widely-used capitalization-weighted indexes and price-weighted indexes, in which the price of a security contributes in a substantial way to the calculation of the weight of that security in the index or the portfolio. Valuation indifferent indexes of the present invention avoid overexposure to overvalued securities and underexposure to undervalued securities, as compared with conventional capitalization-weighted and price-weighted . Also specifically excluded are equal weighting weighted indexes.

WO 2005/076812 A2

Published:

— *without international search report and to be republished upon receipt of that report*

For two-letter codes and other abbreviations, refer to the "Guidance Notes on Codes and Abbreviations" appearing at the beginning of each regular issue of the PCT Gazette.