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

(19) World Intellectual Property Organization
International Bureau

(43) International Publication Date
12 July 2007 (12.07.2007)

PCT

(10) International Publication Number
WO 2007/078399 A2

(51) International Patent Classification:
G06Q 40/00 (2006.01)

(21) International Application Number:
PCT/US2006/042430

(22) International Filing Date: 30 October 2006 (30.10.2006)

(25) Filing Language: English

(26) Publication Language: English

(30) Priority Data:
60/751,212 19 December 2005 (19.12.2005) US
11/509,002 24 August 2006 (24.08.2006) US

(71) Applicant *(for all designated States except US)*: **RESEARCH AFFILIATES, LLC** [US/US]; 155 N. Lake Avenue, Suite 900, Pasadena, California 91101 (US).

(71) Applicant and
(72) Inventor: **WOOD, Paul, C.** [GB/GB]; 17 The Drive, Waltham Windmill, Waltham, Lincolnshire DN37 0FB (GB).

(72) Inventor; and
(75) Inventor/Applicant *(for US only)*: **ARNOTT, Robert, D.** [US/US]; 1325 Lombardy Road, Pasadena, California 91106 (US).

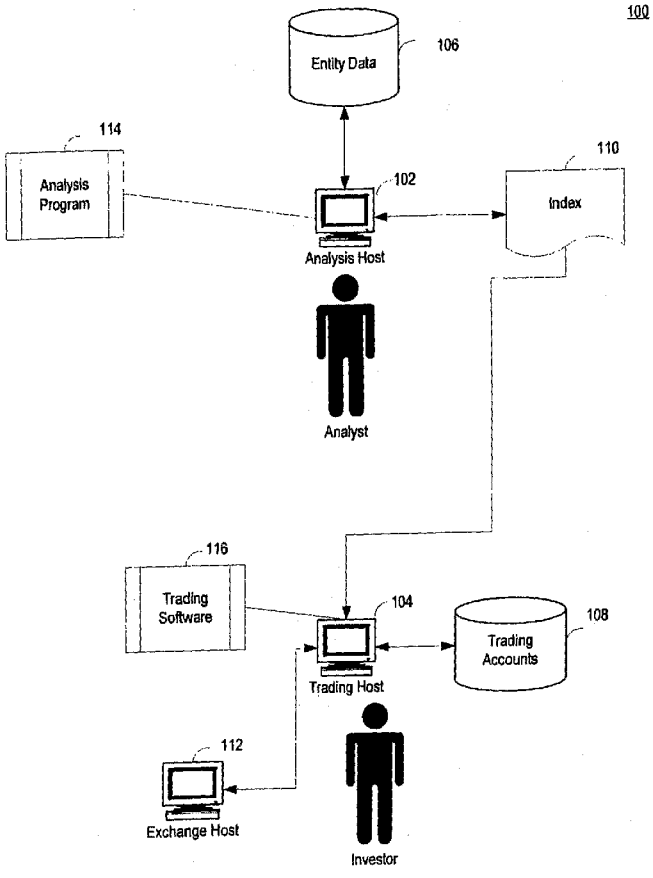
(74) Agent: **SWINDELL, Caroline**; VENABLE LLP, P.O. Box 34385, Washington, DC 20043-9998 (US).

(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, GT, HN, HR, HU, ID, IL, IN, IS, JP, KE, KG, KM, KN, KP, KR, KZ, LA, LC, LK, LR, LS, LT, LU, LV, LY, MA, MD, MG, MK, MN, MW, MX, MY, MZ, NA, NG, NI, NO, NZ, OM, PG, PH, PL, PT, RO, RS, RU, SC, SD, SE, SG, SK, SL, SM, SV, SY, TJ, TM, TN, TR, TT, TZ, UA, UG, US, UZ, VC, VN, 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,

[Continued on next page]

(54) Title: USING ACCOUNTING DATA BASED INDEXING TO CREATE A PORTFOLIO OF ASSETS



(57) Abstract: A system, method and computer program product creates an index based on accounting based data, as well as a portfolio of financial objects based on the index where the portfolio is weighted according to accounting based data. A passive investment system may be based on indices created from various metrics. The indexes may be built with metrics other than market capitalization weighting, price weighting or equal weighting. 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. 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, and equal weighting weighted indexes. Valuation indifferent indexes avoid overexposure to overvalued securities and underexposure to undervalued securities, as compared with conventional capitalization-weighted and price-weighted.

WO 2007/078399 A2

FR, GB, GR, HU, IE, IS, IT, LT, LU, LV, 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))*

— *as to the applicant's entitlement to claim the priority of the earlier application (Rule 4.17(iii))*

— *of inventorship (Rule 4.17(iv))*

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.