



# AQR Momentum Indices

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International Equities  
Methodology Description



## I. Overview

AQR has created a family of indices designed to capture the “momentum” factor in various asset classes. This document describes the methodology for an International Equity index (the “Custom Index”).

Index Name	Index Membership
AQR International Momentum Index	Approximately 300-350 high-momentum companies chosen from among the top 85% of the market cap of each of the 22 developed markets outside the U.S.

## II. S&P Services

Using the list of constituent companies and their weights as of the rebalancing date as provided by AQR on a quarterly basis with appropriate lead time, defined as a minimum of two weeks before the rebalancing date, or as otherwise agreed by the two parties, S&P shall calculate the daily value of the Custom Index, taking into account any corporate actions and/or deletions from the Custom Index that may occur from time to time, and disseminate the value of the Custom Index to various other entities, including, without limitation, Bloomberg, as such entities may be amended from time to time by the parties.

## III. Additions to the Index

There will be no additions to the Custom Index between the quarterly rebalancing intervals.

## IV. Deletions From the Index

- There will generally be no deletions from the index between the quarterly rebalancing intervals, except as noted below:
  - A company that ceases trading because of a merger, acquisition, or other corporate action is normally removed at close of the last day of trading or expiration of the tender offer.
  - A company for which trading was halted is generally kept in the index until trading resumes, but may be removed at AQR’s discretion.
  - A company that is bankrupt and for which there is no achievable price may be removed at zero price at AQR’s discretion
  - A company that is moved to pink sheet or bulletin board status may be removed from the index at AQR’s discretion.



- When a company is deleted from the index, the value of the deleted company is *de facto* redistributed pro-rata across all remaining index constituents by virtue of the adjustment of the divisor of the index.
- AQR will communicate any index deletions at the end of the business day, and S&P will implement the associated deletion on the following business day.

### V. Index Calculation

- The index value is the quotient of the market capitalization of the constituents and the divisor.
- The divisor is adjusted daily for changes in constituent’s share capital, including dividends, rights issues, share buy-backs and issuances, and spin-offs, as well as additions or deletions from the index.
- The divisor is adjusted such that the index value an instant prior to a change in base capital equals the index value at an instant immediately following that change.
- The International Momentum Index will be calculated in U.S. dollars. The exchange rates used in valuing foreign securities will be the WM rates for the London close.

### VI. Index Maintenance

The Custom Index shall be maintained in accordance with the following methodology:

#### A. Share Updates:

Event	Approach
Share updates of 5% or more due to mergers, acquisitions, public offerings, tender offers, private placements, Dutch auctions or exchange offers	Made as soon as reasonably possible
Other share updates of 5% or more due to stock repurchase, redemption, exercise of options, warrants, conversion of preferred stock, notes, debt, equity participations or other recapitalizations	Made weekly: Announce Tuesday for implementation after close of trading Wednesday
Share updates of less than 5% due to an acquisition, if both companies are part of same index	Made as soon as reasonably possible
Other share updates of less than 5%	Changes are accumulated and made quarterly on third Friday of Mar/Jun/Sep/Dec



B. Corporate Actions:

Event	Approach
Stock split, stock dividend, spin-off, rights offering	Applied after close of trading on the day prior to the ex-date
Exchange offers	Made on ex-date

C. Other Adjustments:

Event	Approach
Bankrupt or suspended stock	If there is no achievable price for a stock being deleted, it can be removed at zero price at Index Committee’s discretion

VII. Index Governance

The Custom Index and the methodology related thereto shall be governed solely by the AQR Index Committee, which may, but is not obligated to, seek S&P’s input with respect to the Custom Index. The AQR Index Committee meets quarterly, and as needed, on AQR’s sole discretion, between regular meetings.

VIII. Index Policy

Announcements:

Announcements of the new index constituents and weightings or of deletions from the index are made at 5:15 pm ET.

Holiday Schedule:

- Indexes are calculated when U.S. equity markets are open.
- In the case of an unscheduled market closure (e.g. because of weather, power failure, etc.), the index prices will be calculated based on:
  - the closing price on exchange, or
  - if no closing price is available, the last regular trade reported before the exchange was closed.

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