

# Index-rebalance prediction: methodology overview

How ORTEX forecasts additions, deletions and weight changes for the major equity indices, and estimates the passive flows they trigger.

## Why it matters

Trillions of dollars track major benchmarks. When an index reconstitutes, passive funds must trade to match it. The result is concentrated, scheduled demand and supply that moves individual names around the announcement and effective dates.

## Inputs

- Public index rulebooks (eligibility, float, liquidity and capping rules)
- Float-adjusted market capitalization and share-count changes
- Liquidity and turnover screens used by each index provider
- Estimated assets benchmarked to each index (for flow sizing)

## The model

ORTEX applies each index provider's published rules to current constituent and candidate data to rank names by their likelihood of being added or deleted, and to estimate the direction and size of weight changes at the next reconstitution.

## Conviction score

Each predicted change carries a conviction score from 0 to 0.99, summarizing how firmly the rules and current data point to that outcome. Higher scores reflect names clearly inside or outside the rule thresholds; lower scores flag borderline cases.

## Estimated passive flow

For each predicted change ORTEX estimates the passive flow: the shares and notional value index-tracking funds would need to buy or sell to stay aligned. It is expressed in shares and in days of average daily volume, so the potential market impact is clear.

## Timeline

Predictions are maintained ahead of each scheduled review, updated through the announcement window, and reconciled against the official changes on the effective date.

*Methodology overview for editorial background. Index rules are set and owned by the respective index providers; ORTEX predictions are estimates, not official index actions.*