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INDXX REIT PREFERRED STOCK INDEX METHODOLOGY

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1. INDXX REIT PREFERRED STOCK INDEX

1.1 INDEX DESCRIPTION

The Indxx REIT Preferred Stock Index is designed to provide diversified exposure to high yielding liquid preferred securities issued by Real Estate Investment Trusts in US.

The index has a base date of March 31, 2004 with an initial value of 1,000.

The index is currently available in the following versions:

- Total Return (Bloomberg Ticker: IPFFR)

1.2 CREATION OF MASTER LIST

1.2.1 Initial Universe

To be eligible for inclusion in the Initial Universe, securities must have:

- Their listing on US stock exchanges.
- A minimum market capitalization of \$75 million.
- An average monthly turnover greater than or equal to 150,000 shares traded, measured over the last 6 months.

1.2.2 Maximum Price

Securities trading at a price of \$10,000 or above are ineligible for inclusion in the universe. This rule is not applicable for existing constituents. Existing constituents shall remain in the universe irrespective of their stock price.

1.2.3 Security Type

The following security types are eligible for inclusion:

- Preferred Security

1.3 SECURITY SELECTION PROCESS

- All preferred securities issued by REITs are identified from the universe.
- Out of the identified securities, all those with an amount issued below \$75 million, and those with mandatory conversion provisions, are excluded.
- The remaining securities form the Selection List.

1.4 FINAL COMPOSITION

From the Selection List:

- The securities whose Yield to Worst is greater than 3% will form the final index.

1.5 WEIGHTING

The index is weighted as follows:

- Components are weighted based on their modified market capitalization, subject to the following:
 - No single issuer can have more than 10% exposure in the index.
 - No REIT sub sector can have more than 30% exposure in the index, except for diversified REIT which can have up to 35% in the index.
 - The excess weight is proportionately allocated to the remaining non-capped components.

1.6 RECONSTITUTION AND REBALANCING RULES

- The index follows a semi-annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of last trading day of March and September each year. This day is called the 'Effective Day.'
- The security selection and portfolio creation process start on the close of the nearest Friday falling at least one month before the effective day, called the 'Selection Day.' The selection list is created based on the data as of the Selection Day.
- Weights are calculated five trading days prior to the Effective Day. Index Shares are frozen using weights as of this day.

1.7 CORPORATE ACTIONS

Indxx standard Corporate Actions for market cap weighted indices apply. The corporate action guidebook is present in the Announcements section of our website, under 'Index Documents'.

2. DISCLAIMER

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