

## Indxx REIT Preferred Stock Index

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### Index Description

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The Indxx REIT Preferred Stock Index is a market cap weighted index designed to provide diversified exposure to high yielding liquid preferred securities issued by Real Estate Investment Trusts listed in the US.

### Creation of Master list

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#### *Universe*

To be eligible for inclusion in the universe:

- The preferred security should have been listed on any of the US stock exchanges.
- The company must have a minimum market capitalization of \$75 million and companies must have an average monthly turnover of at least 150,000 shares traded, measured over the last 6 months.

#### *Security Type*

Preferred Securities

### Security Selection

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- 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.

### Final Composition

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- The Selection List is screened to exclude those securities which have a yield to worst less than 3%. All remaining securities are chosen as index constituents.

## **Weighting**

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All the constituents in the portfolio 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 constituents.

## **Reconstitution and Rebalancing Rules**

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- The index follows a Semi-Annual reconstitution. 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 Friday which is at least a month before the 'Selection Day'. The selection list is created using the data as of this day. Weights are calculated 5 trading days before the Effective Day. Index Shares are frozen using weights as of this day.

## **Corporate Actions**

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