

# **S&P U.S. Preferred Stock Index** *Methodology*

August 2023

# Table of Contents

Introduction	3
<b>Index Objective and Highlights</b>	<b>3</b>
<b>Supporting Documents</b>	<b>3</b>
Eligibility Criteria	4
<b>Eligibility Factors</b>	<b>4</b>
Sub-Index Eligibility	6
<b>S&amp;P U.S. Fixed Rate Preferred Stock Index</b>	<b>6</b>
<b>S&amp;P U.S. Floating Rate Preferred Stock Index</b>	<b>6</b>
<b>S&amp;P U.S. Variable Rate Preferred Stock Index</b>	<b>6</b>
<b>S&amp;P U.S. Investment Grade Preferred Stock Index</b>	<b>6</b>
<b>S&amp;P U.S. High Yield Preferred Stock Index</b>	<b>6</b>
<b>S&amp;P Not Rated Preferred Stock Index</b>	<b>6</b>
<b>S&amp;P U.S. Preferred REIT Stock Index</b>	<b>7</b>
<b>S&amp;P U.S. Preferred Infrastructure Stock Index</b>	<b>7</b>
<b>S&amp;P U.S. Preferred Stock QDI Index</b>	<b>7</b>
<b>S&amp;P U.S. High Quality Preferred Stock Index</b>	<b>7</b>
Index Construction	8
<b>Constituent Weightings</b>	<b>8</b>
<b>Index Calculations</b>	<b>8</b>
Index Maintenance	9
<b>Rebalancing</b>	<b>9</b>
<b>Corporate Actions</b>	<b>9</b>
<b>Currency of Calculation and Additional Index Return Series</b>	<b>10</b>
<b>Base Dates and History Availability</b>	<b>10</b>
Index Data	11
<b>Calculation Return Types</b>	<b>11</b>
Index Governance	12
<b>Index Committee</b>	<b>12</b>
Index Policy	13
<b>Announcements</b>	<b>13</b>
<b>Pro-forma Files</b>	<b>13</b>
<b>Holiday Schedule</b>	<b>13</b>

	<b>Rebalancing</b>	<b>13</b>
	<b>Unexpected Exchange Closures</b>	<b>13</b>
	<b>Recalculation Policy</b>	<b>13</b>
	<b>Real-Time Calculation</b>	<b>14</b>
	<b>Contact Information</b>	<b>14</b>
Index Dissemination		15
	<b>Tickers</b>	<b>15</b>
	<b>Index Data</b>	<b>15</b>
	<b>Web site</b>	<b>15</b>
Appendix I		16
	<b>Methodology Changes</b>	<b>16</b>
Appendix II		17
	<b>ESG Disclosures</b>	<b>17</b>
Disclaimer		18
	<b>Performance Disclosure/Back-Tested Data</b>	<b>18</b>
	<b>Intellectual Property Notices/Disclaimer</b>	<b>19</b>

# Introduction

## Index Objective and Highlights

The S&P U.S. Preferred Stock Indices measure the performance of various segments of the U.S. preferred stock market. Preferred stocks are a class of capital stock that pays dividends at a specified rate and has a preference over common stock in the payment of dividends and the liquidation of assets.

**S&P U.S. Preferred Stock Index.** The index is comprised of U.S. traded preferred stocks that meet criteria relating to minimum size, liquidity, exchange listing, and time to maturity. The index is weighted by total market capitalization, subject to a single issuer weight cap of 10%.

Sub-indices are calculated based on the type of dividend paid by the stock (fixed rate, floating rate, variable rate), and based on credit rating (investment grade, high yield, not rated). In addition, three sub-indices are calculated based on real estate investment trusts, infrastructure, and qualified dividend income preferred stocks, respectively. For more information on the sub-indices see *Sub-Index Eligibility*.

**S&P U.S. High Quality Preferred Stock Index.** The S&P U.S. High Quality Preferred Stock Index measures the performance of preferred stocks possessing quality characteristics pertaining to type of issuance and rating. The index is comprised of preferred stocks that are constituents of the S&P U.S. Investment Grade Preferred Stock Index. The index is calculated with a tiered equal weighting scheme, with preferred stock issuers equal weighted and the component securities within each issuer also equal weighted.

## Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology	<a href="#">Equity Indices Policies &amp; Practices</a>
S&P Dow Jones Indices' Index Mathematics Methodology	<a href="#">Index Mathematics Methodology</a>
S&P Dow Jones Indices' Float Adjustment Methodology	<a href="#">Float Adjustment Methodology</a>
S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology	<a href="#">GICS Methodology</a>

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

# Eligibility Criteria

For inclusion in the S&P U.S. Preferred Stock Index the following criteria must be met.

## Eligibility Factors

**Exchange Listing.** Preferred stocks trading on the major U.S. stock exchanges are eligible. Over-the-counter, bulletin board, and unregistered (144[A]) securities are excluded.

**Type of Issuance.** Preferred stocks issued by a company to meet its capital or financing requirements are eligible. These include floating, variable, and fixed rate preferred stocks, cumulative and non-cumulative preferred stocks, preferred stocks with a callable or conversion feature, and trust preferred stocks.

In addition, trust preferred stocks issued by a company to meet capital or financing requirements that carry a brand name or moniker are also eligible.

**Ineligible Securities.** Structured products and brand name products issued by financial institutions that are packaged securities linked to indices, baskets of stocks or another company's stock are ineligible. Special ventures, such as toll roads or dam operators, may issue preferred-like securities; these special ventures are ineligible.

Exchange Traded Debt securities are ineligible.<sup>1</sup> Exchange Traded Debt can be classified as securities whose income component is considered interest rather than a dividend. The issuer can deduct the interest payments from its taxable income, as it can with bond interest. The exception to this rule is the Trust Preferred conduit structure mentioned above, which are eligible. Examples of such non-standard structure of these securities include hybrids and "baby bonds" or senior notes.

Ineligible organizational structures and share types include Publicly Traded Partnerships (PTPs), Limited Partnerships (LPs) and Master Limited Partnerships (MLPs).

**Maturity or Conversion Schedule.** Preferred stocks that do not have a mandatory conversion or scheduled maturity within the next 12 months are eligible. While the inclusion criteria explicitly exclude issues that have a mandatory conversion or scheduled maturity within 12 months of the rebalancing effective date, no such rule exists for continued membership.

**Market Capitalization.** Preferred stocks with total market capitalization of greater than or equal to US\$ 100 million as of the rebalancing reference date are eligible (US\$ 75 million for current components).

**Volume.** Preferred stocks that have traded more than 250,000 shares per month over each of the previous six months as of the rebalancing reference date are eligible for inclusion (125,000 share for current components). No current component is removed from the index for violating this requirement for the first 12 months following its index addition effective date.

Issues with fewer than six months of trading history are evaluated over the available period and may be included should size and available trading history infer the issue will satisfy this requirement. Monthly volume is determined using reference dates of five business days prior to the first Friday of each of the previous six months. The volume range is taken from the reference date back to the prior month's reference date.

---

<sup>1</sup> As of July 2013, issuances classified as 'exchange traded debt' are no longer considered for inclusion in the index. Existing debt components will remain in the index provided they continue to meet all other inclusion criteria.

**Indicated Yield.** Preferred stocks for which S&P Dow Jones Indices cannot determine an indicated dividend yield are not eligible.

**Different Securities Issued by the Same Issuer.** The index does not limit the number of preferred stocks issued by a single company.

# Sub-Index Eligibility

The following are sub-indices of the S&P U.S. Preferred Stock Index (the parent index). Weight capping rules as described elsewhere in this document are applied to the universe of stocks at the parent index level and flow through to the sub-index level.

## **S&P U.S. Fixed Rate Preferred Stock Index**

The S&P U.S. Fixed Rate Preferred Stock Index is comprised of preferred stocks that are included in the S&P U.S. Preferred Stock Index and pay dividends at a fixed rate. A Fixed Rate Preferred stock pays a fixed dividend for its entire term.

## **S&P U.S. Floating Rate Preferred Stock Index**

The S&P U.S. Floating Rate Preferred Stock Index is comprised of preferred stocks that are included in the S&P U.S. Preferred Stock Index and pay dividends at a floating rate. A Floating Rate Preferred stock pays a dividend rate that floats at a spread to a specified benchmark rate (Fed Funds or T-Bill rate). These securities may also include a rate floor or ceiling, whereby the rate is capped depending on if the benchmark rate moves below or above the floor or ceiling, respectively.

## **S&P U.S. Variable Rate Preferred Stock Index**

The S&P U.S. Variable Rate Preferred Stock Index is comprised of preferred stocks that are included in the S&P U.S. Preferred Stock Index and pay dividends at a variable rate. A Variable Rate Preferred stock pays a fixed dividend for a period until a trigger date is reached, at which point the dividend rate will float at a spread to a specified benchmark rate (Fed Funds or T-Bill rate) after that date.

## **S&P U.S. Investment Grade Preferred Stock Index**

The S&P U.S. Investment Grade Preferred Stock Index is comprised of preferred stocks that are included in the S&P U.S. Preferred Stock Index and are considered Investment Grade with a credit rating minimum of BBB-/Baa3/BBB- issued by S&P, Moody's, and Fitch. For an issue rated by S&P, Moody's, and Fitch, the lowest of the three ratings is used as the issue's credit rating. When there are two ratings, the lower of the two ratings must be considered investment grade. When there is only one rating, that rating must be considered investment grade.

## **S&P U.S. High Yield Preferred Stock Index**

The S&P U.S. High Yield Preferred Stock Index is comprised of preferred stocks that are included in the S&P U.S. Preferred Stock Index and are considered High Yield with a credit rating maximum of BB+/Ba1/BB+ issued by S&P, Moody's, and Fitch. For an issue rated by S&P, Moody's, and Fitch, the lowest of the three ratings is used as the issue's credit rating. When there are two ratings, the lower of the two ratings must be considered high yield. When there is only one rating, that rating must be considered high yield.

## **S&P Not Rated Preferred Stock Index**

The S&P Not Rated Preferred Stock Index is comprised of preferred stocks that are included in the S&P U.S. Preferred Stock Index and are not rated by S&P, Moody's, or Fitch.

### S&P U.S. Preferred REIT Stock Index

The S&P U.S. Preferred REIT Stock Index is a subset of the S&P U.S. Preferred Stock Index. The index is designed to measure the performance of preferred stocks categorized as REITs according to the GICS. The following preferred REIT stocks are included in the index:

GICS Code	GICS Name
601010	Diversified REITs
601025	Industrial REITs
601030	Hotel & Resort REITs
601040	Office REITs
601050	Health Care REITs
601060	Residential REITs
601070	Retail REITs
601080	Specialized REITs
40204010	Mortgage REITs

### S&P U.S. Preferred Infrastructure Stock Index

The index is a subset of the S&P U.S. Preferred Stock Index. The index measures the performance of preferred stocks categorized as Infrastructure according to selected GICS sub-industry groups. Preferred stocks from the following industry groups are included in the index:

GICS Code	Sub-Industry
10102040	Oil & Gas Storage & Transportation
20305010	Airport Services
20305020	Highways & Railtracks
20305030	Marine Ports & Services
55101010	Electric Utilities
55102010	Gas Utilities
55103010	Multi-Utilities
55104010	Water Utilities

*For more information on GICS, please refer to the S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology.*

### S&P U.S. Preferred Stock QDI Index

The index is a subset of the S&P U.S. Preferred Stock Index. The index measures the performance of preferred stocks deemed to be qualified dividend income (QDI) eligible.

### S&P U.S. High Quality Preferred Stock Index

The index measures the performance of preferred stocks possessing quality characteristics pertaining to type of issuance, and rating.



# Index Construction

## Constituent Weightings

Index Name	Constituent Weighting Description
S&P U.S. Preferred Stock Index	Constituents are weighted by market capitalization subject to a 10% maximum weight for each issuer. At each rebalancing all eligible securities for an issuer are included in the index, with the issuer's aggregate weight capped on a pro rata basis to a maximum of 10% of the index market capitalization. In addition, the weight of preferred stocks with trading volumes of less than 250,000 shares per month on average over the previous six months must not exceed 25% of the index.
S&P U.S. Fixed Rate Preferred Stock Index S&P U.S. Floating Rate Preferred Stock Index S&P U.S. Variable Rate Preferred Stock Index S&P U.S. Investment Grade Preferred Stock Index S&P U.S. High Yield Preferred Stock Index S&P U.S. Not Rated Preferred Stock Index S&P U.S. Preferred REIT Stock Index S&P U.S. Preferred Stock QDI Index	The modifications made to index shares to prevent single issuer concentration within the S&P U.S. Preferred Stock Index flow through to the sub-indices.
S&P U.S. Preferred Infrastructure Stock Index	Constituents are weighted by market capitalization.
S&P U.S High Quality Preferred Stock Index	Constituents are first equal weighted by issuer. Constituents within each issuer are then equal weighted.

## Index Calculations

The index calculates according to S&P Dow Jones Indices' capped market capitalization weighted indices methodology. Corporate actions and index changes are implemented in the same manner as for other market capitalization-weighted indices.

*For more information on the calculation of market capitalization weighted indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

# Index Maintenance

## Rebalancing

The index rebalances occurs quarterly, effective after the close of the third Friday in January, April, July, and October. The reference date for additions and deletions is five business days prior to the first Friday of the rebalancing month. Constituents' index shares are calculated using closing prices as of the reference date. Index shares are calculated and assigned to each stock to arrive at the weights determined on the reference date. Since index shares are assigned in advance, the actual weight of each stock at the rebalancing differs from these weights due to market movements.

**Additions.** Additions occur only at the quarterly rebalancing. There are no intra-quarter additions.

**Deletions.** A constituent is removed from the index if it is called or undergoes mandatory conversion. Subject to market conditions, S&P Dow Jones Indices provides a minimum of two days' advance notice of a removal.

**Share changes.** Current index constituents' shares outstanding are updated semi-annually, after the close of trading on the third Friday, in January and July.

## Corporate Actions

Corporate Action	Adjustment Made to the Index	Divisor Adjustment?
Shares called for cash or par value	The constituent is removed from the index with a minimum of two days' notice.	Yes
Shares called for conversion or automatically converted	The constituent is removed from the index at the time of the conversion with a minimum of two days' notice.	Yes
Delisting from primary exchange	The constituent is removed from the index with a minimum of two days' notice. If no primary exchange price is available, it is removed at the OTC or pink sheet price. If no OTC or pink sheet price is available, the security can be removed at a zero price at the discretion of the Index Committee.	Yes
Special cash distribution	The price of the stock making the special payment is reduced by the per share special payment.	Yes
Rights offering on preferred share class	The price is adjusted to the Price of Parent shares minus (Price of Rights shares/Rights Ratio).	Yes
Preferred stock split	Index Shares are multiplied by, and the price is divided by, the split factor.	No
Issuance of additional shares for the preferred share class in the index	None. Shares are revised semi-annually.	No
Partial call for cash or par value	On the redemption date, the constituent shares outstanding are reduced by the number of shares called and the constituent price is adjusted to the call price plus accrued interest.	Yes

*For more information on corporate actions, please refer to the Market Capitalization Indices section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

## Currency of Calculation and Additional Index Return Series

The indices calculate in U.S. dollars.

Real-time spot Forex rates, as supplied by Refinitiv, are used for ongoing index calculation of real-time indices.

WM/Refinitiv foreign exchange rates are taken daily at 4:00 PM London time and used in the calculation of the indices. These mid-market fixings are calculated by the WM Company based on Refinitiv data and appear on Refinitiv pages WMRA.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to the following: currency, currency hedged, decrement, fair value, inverse, leveraged, and risk control versions. For a list of available indices, please refer to the [S&P DJI Methodology & Regulatory Status Database](#).

*For information on index calculation, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

*For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at [www.spglobal.com/spdji](http://www.spglobal.com/spdji).*

## Base Dates and History Availability

Index history availability, base dates, and base values are:

Index	Launch Date	First Value Date	Base Date	Base Value
S&P U.S. Preferred Stock Index	09/15/2006	09/19/2003	09/19/2003	1000
S&P U.S. Fixed Rate Preferred Stock Index	10/25/2013	09/19/2003	09/19/2003	1000
S&P U.S. Floating Rate Preferred Stock Index	10/25/2013	09/17/2004	09/17/2004	1000
S&P U.S. Variable Rate Preferred Stock Index	10/25/2013	09/21/2007	09/21/2007	1000
S&P U.S. Investment Grade Preferred Stock Index	07/21/2014	09/19/2003	09/19/2003	1000
S&P U.S. High Yield Preferred Stock Index	07/21/2014	09/19/2003	09/19/2003	1000
S&P U.S. Not Rated Preferred Stock Index	07/21/2014	09/20/2004	09/20/2004	1000
S&P U.S. Preferred REIT Stock Index	11/24/2014	09/19/2003	09/19/2003	1000
S&P U.S. Preferred Infrastructure Stock Index	03/16/2015	09/17/2010	09/17/2010	1000
S&P U.S. High Quality Preferred Stock Index	12/28/2015	10/19/2007	10/19/2007	1000
S&P U.S. Preferred Stock QDI Index	04/01/2020	01/17/2014	01/17/2014	1000

# Index Data

## Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (".SDL").

*For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

*For more information on the calculation of return types, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

# Index Governance

## Index Committee

An S&P Dow Jones Indices Index Committee maintains the indices. All committee members are full-time professional members of S&P Dow Jones Indices staff. The committee meets regularly. At each meeting, the Index Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the indices to the market, companies that are being considered as candidates for addition to an index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

*For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

# Index Policy

## Announcements

Index rebalancing announcements are made to clients after the close of trading on the first Friday of the rebalancing month, approximately 10 business days before the effective date.

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Events report (.SDE), delivered daily to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

*For more information, please refer to the Announcements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

## Pro-forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the indices rebalance. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents as well as their corresponding weights and index shares effective for the upcoming rebalancing.

*Please visit [www.spglobal.com/spdji](http://www.spglobal.com/spdji) for a complete schedule of rebalancing timelines and pro-forma delivery times.*

## Holiday Schedule

The indices are calculated daily, throughout the calendar year. The only days the indices are not calculated are on days when all exchanges where the index's constituents are listed are officially closed.

*A complete holiday schedule for the year is available at [www.spglobal.com/spdji](http://www.spglobal.com/spdji).*

## Rebalancing

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

## Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

## Recalculation Policy

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

## **Real-Time Calculation**

Real-time, intra-day, index calculations are executed for the price return series, whenever any of the index's primary exchanges are open. Real-time indices are not restated.

*For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

## **Contact Information**

For questions regarding an index, please contact: [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

# Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at [www.spglobal.com/spdji](http://www.spglobal.com/spdji), major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

## Tickers

The table below lists headline indices covered by this document. All versions of the below indices that may exist are also covered by this document. Please refer to the [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

Index	Return Type	Bloomberg
S&P U.S. Preferred Stock Index	Price Return Total Return Net Total Return	SPPREF SPPREFTR SPPREFN
S&P U.S. Fixed Rate Preferred Stock Index	Price Return Total Return Net Total Return	SPPREFX SPPREFXT SPPREFXN
S&P U.S. Floating Rate Preferred Stock Index	Price Return Total Return Net Total Return	SPPREFR SPPREFRT SPPREFRN
S&P U.S. Variable Rate Preferred Stock Index	Price Return Total Return Net Total Return	SPPREVR SPPREVRT SPPREVRN
S&P U.S. Investment Grade Preferred Stock Index	Price Return Total Return Net Total Return	SPPREIG SPPREIGT SPPREIGN
S&P U.S. High Yield Preferred Stock Index	Price Return Total Return Net Total Return	SPPREHY SPPREHYT SPPREHYN
S&P U.S. Not Rated Preferred Stock Index	Price Return Total Return Net Total Return	SPPRENR SPPRENRT SPPRENRN
S&P U.S. Preferred REIT Stock Index	Price Return Total Return	SPPREFRS SPREFRT
S&P U.S. Preferred Infrastructure Stock Index	Price Return Total Return	SPPRISUP SPPRISUT
S&P U.S. High Quality Preferred Stock Index	Price Return Total Return Net Total Return	SPPHQUP SPPHQUT SPPHQUN
S&P U.S. Preferred Stock QDI Index	Price Return Total Return Net Total Return	SPPFQDUP SPPFQDUT SPPFQDUN

## Index Data

Daily constituent and index level data are available via subscription.

For product information, please contact S&P Dow Jones Indices, [www.spglobal.com/spdji/en/contact-us](http://www.spglobal.com/spdji/en/contact-us).

## Web site

For further information, please refer to S&P Dow Jones Indices' Web site at [www.spglobal.com/spdji](http://www.spglobal.com/spdji).



# Appendix I

## Methodology Changes

Methodology changes since January 1, 2015, are as follows:

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Ineligible Securities	12/16/2022	Publicly Traded Partnerships (PTPs), Limited Partnerships (LPs) and Master Limited Partnerships (MLPs) are eligible for index inclusion.	Publicly Traded Partnerships (PTPs), Limited Partnerships (LPs) and Master Limited Partnerships (MLPs) are not eligible for index inclusion.
Constituent Weighting for the S&P U.S. Preferred Stock Index	10/19/2018	Capped market capitalization weighted with a 10% issuer cap. No weight limit for preferred stocks with low liquidity.	Capped market capitalization weighted with a 10% issuer cap. In addition, the weight of preferred stocks with trading volumes of less than 250,000 shares per month on average over the previous six months must not exceed 25% of the index.
Eligibility Securities for the S&P U.S. High Quality Preferred Stock Index	10/19/2018	The index is comprised of preferred stocks that are constituents of both the S&P U.S. Fixed Rate Preferred Stock Index and S&P U.S. Investment Grade Preferred Stock Index.	The index is comprised of all preferred stocks that are constituents of the S&P U.S. Investment Grade Preferred Stock Index.
Weighting method for S&P U.S. High Quality Preferred Stock Index	01/20/2017	<ol style="list-style-type: none"> <li>1. Preferred stock issues are categorized as either Cumulative or Non-cumulative, as per the dividend payment type.</li> <li>2. The weight of the Cumulative category is set at 75% while the weight of the Non-cumulative category is set at 25%, subject to issuer limit.</li> <li>3. Within each category, securities are equally weighted.</li> <li>4. To reduce concentration risk, the maximum weight of each issuer is capped at 22.5% at each rebalancing.</li> </ol>	<ol style="list-style-type: none"> <li>1. Preferred stock issuers are equal weighted.</li> <li>2. The component securities of each issuer are then equal weighted.</li> </ol>
Global Industry Classification Standard (GICS <sup>®</sup> ) code changes impacting the S&P U.S. Preferred REIT Stock Index	09/16/2016	Eligible GICS: <ul style="list-style-type: none"> <li>• 40402010 - Diversified REITs</li> <li>• 40402020 - Industrial REITs</li> <li>• 40402030 - Mortgage REITs</li> <li>• 40402035 - Hotel &amp; Resort REITs</li> <li>• 40402040 - Office REITs</li> <li>• 40402045 - Health Care REITs</li> <li>• 40402050 - Residential REITs</li> <li>• 40402060 - Retail REITs</li> <li>• 40402070 - Specialized REITs</li> </ul>	Eligible GICS: <ul style="list-style-type: none"> <li>• 60101010 - Diversified REITs</li> <li>• 60101020 - Industrial REITs</li> <li>• 40204010 - Mortgage REITs</li> <li>• 60101030 - Hotel &amp; Resort REITs</li> <li>• 60101040 - Office REITs</li> <li>• 60101050 - Health Care REITs</li> <li>• 60101060 - Residential REITs</li> <li>• 60101070 - Retail REITs</li> <li>• 60101080 - Specialized REITs</li> </ul>

# Appendix II

## ESG Disclosures

<b>EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL &amp; GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY<sup>2</sup></b>		
1.	<b>Name of the benchmark administrator.</b>	S&P Dow Jones Indices LLC.
2.	<b>Underlying asset class of the ESG benchmark.<sup>3</sup></b>	N/A
3.	<b>Name of the S&amp;P Dow Jones Indices benchmark or family of benchmarks.</b>	<a href="#">S&amp;P DJI Fixed Income Indices Benchmark Statement</a>
4.	<b>Do any of the indices maintained by this methodology take into account ESG factors?</b>	No
<b>Appendix latest update:</b>		February 2021
<b>Appendix first publication:</b>		February 2021

<sup>2</sup> The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology and the retained EU law in the UK [The Benchmarks (amendment and Transitional Provision) (EU Exit) Regulations 2019].

<sup>3</sup> The 'underlying assets' are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

# Disclaimer

## Performance Disclosure/Back-Tested Data

Where applicable, S&P Dow Jones Indices and its index-related affiliates (“S&P DJI”) defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index’s Launch Date are considered back-tested. S&P DJI defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company’s public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed “Date of introduction”) is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index’s public release date.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Information presented prior to an index’s launch date is hypothetical back-tested performance, not actual performance, and is based on the index methodology in effect on the launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate certain ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using “Backward Data Assumption” (or pulling back) of ESG data for the calculation of back-tested historical performance. “Backward Data Assumption” is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as “product involvement”) were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on “Backward Data Assumption” please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific

data points and relevant time period for which backward projected data was used. Index returns shown do not represent the results of actual trading of investable assets/securities. S&P DJI maintains the index and calculates the index levels and performance shown or discussed but does not manage any assets.

Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

### **Intellectual Property Notices/Disclaimer**

© 2023 S&P Dow Jones Indices. All rights reserved. S&P, S&P 500, SPX, SPY, The 500, US500, US 30, S&P 100, S&P COMPOSITE 1500, S&P 400, S&P MIDCAP 400, S&P 600, S&P SMALLCAP 600, S&P GIVI, GLOBAL TITANS, DIVIDEND ARISTOCRATS, Select Sector, S&P MAESTRO, S&P PRISM, S&P STRIDE, GICS, SPIVA, SPDR, INDEXOLOGY, iTraxx, iBoxx, ABX, ADBI, CDX, CMBX, MBX, MCDX, PRIMEX, HHPI, and SOVX are registered trademarks of S&P Global, Inc. ("S&P Global") or its affiliates. DOW JONES, DJIA, THE DOW and DOW JONES INDUSTRIAL AVERAGE are trademarks of Dow Jones Trademark Holdings LLC ("Dow Jones"). These trademarks together with others have been licensed to S&P Dow Jones Indices LLC. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. This document does not constitute an offer of services in jurisdictions where S&P DJI does not have the necessary licenses. Except for certain custom index calculation services, all information provided by S&P DJI is impersonal and not tailored to the needs of any person, entity, or group of persons. S&P DJI receives compensation in connection with licensing its indices to third parties and providing custom calculation services. Past performance of an index is not an indication or guarantee of future results.

It is not possible to invest directly in an index. Exposure to an asset class represented by an index may be available through investable instruments based on that index. S&P DJI does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P DJI makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. S&P DJI is not an investment advisor, commodity trading advisor, fiduciary, "promoter" (as defined in the Investment Company Act of 1940, as amended) or "expert" as enumerated within 15 U.S.C. § 77k(a), and S&P DJI makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. S&P DJI is not a tax advisor. Inclusion of a security, commodity, crypto currency, or other asset within an index is not a recommendation by S&P DJI to buy, sell, or hold such security, commodity, crypto currency, or other asset, nor is it considered to be investment or trading advice.

These materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, research, valuations, model, software or other application or output therefrom) or any part thereof ("Content") may be modified, reverse engineered, reproduced, or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P DJI. The Content shall not be used for any unlawful or unauthorized purposes. S&P DJI and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness, or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" "WHERE IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF

MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special, or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related information and other analyses, including ratings, research and valuations are generally provided by licensors and/or affiliates of S&P Dow Jones Indices, including but not limited to S&P Global's other divisions such as S&P Global Market Intelligence. Any credit-related information and other related analyses and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. Any opinion, analyses and rating acknowledgement decisions are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Dow Jones Indices does not assume any obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P DJI does not act as a fiduciary or an investment advisor. While S&P DJI has obtained information from sources it believes to be reliable, S&P DJI does not perform an audit or undertake independent verification of any information it receives. S&P DJI reserves the right to vary or discontinue any index at any time for regulatory or other reasons. Various factors, including external factors beyond S&P DJI's control might necessitate material changes to indices.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P Global Ratings reserves the right to assign, withdraw or suspend such acknowledgement at any time and in its sole discretion. S&P Dow Jones Indices, including S&P Global Ratings, disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgement as well as any liability for any damage alleged to have been suffered on account thereof. Affiliates of S&P Dow Jones Indices LLC, including S&P Global Ratings, may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. Such affiliates of S&P Dow Jones Indices LLC, including S&P Global Ratings, reserve the right to disseminate its opinions and analyses. Public ratings and analyses from S&P Global Ratings are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription), and may be distributed through other means, including via S&P Global Ratings publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

S&P Global keeps certain activities of its various divisions and business units separate from each other to preserve the independence and objectivity of their respective activities. As a result, certain divisions and business units of S&P Global may have information that is not available to other business units. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions, and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate, or otherwise address.

Some indices use the Global Industry Classification Standard (GICS<sup>®</sup>), which was developed by, and is the exclusive property and a trademark of, S&P Global and MSCI. Neither MSCI, S&P DJI nor any other party involved in making or compiling any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy,

completeness, merchantability, or fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P DJI, any of their affiliates or any third party involved in making or compiling any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

S&P Dow Jones Indices products are governed by the terms and conditions of the agreements under which they may be provided. A license is required from S&P Dow Jones Indices to display, create derivative works of and/or distribute any product or service that uses, is based upon and/or refers to any S&P Dow Jones Indices and/or index data.