

**S&P Enhanced Yield North
American Preferred Stock Index
*Methodology***

August 2018

Table of Contents

Introduction	2
Index Objective and Highlights	2
Supporting Documents	2
Eligibility Criteria	3
Eligibility Factors	3
Index Construction	4
Approaches	4
Constituent Selection	4
Index Calculations	4
Index Maintenance	5
Rebalancing	5
Corporate Actions	5
Base Date and History Availability	5
Index Data	6
Calculation Return Types	6
Index Governance	7
Index Committee	7
Index Policy	8
Announcements	8
Pro-forma Files	8
Holiday Schedule	8
Rebalancing	8
Unscheduled Exchange Closures	8
Recalculation Policy	8
Real-Time Calculation	8
Contact Information	9
Index Dissemination	10
Tickers	10
Index D	10
Index Data	10
Web site	10
Disclaimer	11

Introduction

Index Objective and Highlights

The S&P Enhanced Yield North American Preferred Stock Index measures the performance of high-yielding members of the North American preferred stock market.

The index is comprised of 50 high-yielding preferred stocks traded in the U.S. and Canada that meet specific criteria relating to minimum size, liquidity, and exchange listing. The index is calculated using a capped market capitalization weighted scheme, with modifications made to index shares to prevent single issuer concentration and improve index liquidity.

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	Equity Indices Policies & Practices
S&P Dow Jones Indices' Index Mathematics Methodology	Index Mathematics Methodology
S&P Dow Jones Indices' Float Adjustment Methodology	Float Adjustment Methodology
S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology	GICS Methodology

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

Eligibility Factors

Universe. The underlying universe for the index is all preferred securities in the S&P/TSX Preferred Share Index and the S&P U.S. Preferred Stock Index.

For more details on the S&P/TSX Preferred Share and the S&P U.S. Preferred Stock Indices, please refer to their respective methodologies available on our Web site, www.spdji.com.

Market Capitalization. Preferred stocks must have a total market capitalization of more than US\$ 250 million.

Liquidity. Preferred stocks must have a three-month average daily value traded (ADVT) of US\$ 1 million. Current index constituents must maintain a three-month ADVT of US\$ 750,000 to remain eligible.

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

Multiple Issuer Lines and Issuer Weight. The maximum number of lines per issuer is set to three (3) and a maximum index weight of 5% is set per issuer. In such a case, all three eligible issuer lines are included in the index and capped on a pro-rata basis to a maximum of 5% for the issuer as a whole.

Index Construction

Approaches

The 50 highest yielding preferred securities from the underlying universe that satisfy the eligibility factors defined in *Eligibility Criteria*, subject to the issuer limit and buffers, are selected and form the index.

Constituent Selection

Preferred stocks in the underlying index that meet the eligibility criteria form the selection universe. The selection universe is then ranked according to highest yield. All eligible preferred stocks ranked within the top 25 in the selection universe are chosen. Current index constituents ranked within the top 75 highest-yielding issues in the selection universe remain in the index until the constituent count reaches 50. If, after including all eligible current constituents ranked within the top 75 the constituent count has not yet reached 50, the highest ranked eligible non-constituents are added in descending order until the target constituent count is reached.

Index Calculations

The index is calculated following S&P Dow Jones Indices' capped market capitalization-weighted, divisor-based index 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, divisor-based indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

S&P Dow Jones Indices believes turnover in index membership should be avoided when possible. At times a company may appear to temporarily violate one or more of the addition criteria. However, the addition criteria are for addition to an index, not for continued membership. As a result, an index constituent that appears to violate criteria for addition to that index will not be deleted unless ongoing conditions warrant an index change.

Index Maintenance

Rebalancing

Index membership is reviewed semi-annually. Rebalancings occur after the close on the third Friday of April and October. The reference date for additions and deletions is five business days prior to the first Friday of the rebalancing month.

Additions. No additions are made between rebalancings.

Deletions. A constituent is removed from the index if it is removed from the underlying universe. Subject to market conditions, S&P Dow Jones Indices provides a minimum of two days advance notice of a removal.

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 at the time of the redemption 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 amount.	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 semiannually.	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 S&P Dow Jones Indices' Equity Indices Policies & Practices.

Base Date and History Availability

Index history availability, base date and base value are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P Enhanced Yield North American Preferred Stock Index	05/21/2012	04/20/2007	04/20/2007	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 document.

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

Index Governance

Index Committee

The S&P Enhanced Yield North American Preferred Stock Index is maintained by the Americas Thematic & Strategy Index Committee. All members are full-time professional members of S&P Dow Jones Indices. The Index Committee meets regularly. At each meeting, the Index Committee reviews 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 document.

Index Policy

Announcements

Index rebalancing announcements are made to clients after the close of trading on the first Friday of the rebalancing month prior to 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 document.

Pro-forma Files

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

Please visit www.spdji.com for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The index is calculated when the exchanges where the index constituents are listed are open and trading.

A complete holiday schedule for the year is available at www.spdji.com.

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.

Unscheduled Exchange Closures

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

Recalculation Policy

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

Real-Time Calculation

Real-time, intra-day, index calculations are executed for certain indices whenever any of their 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 document.

Contact Information

For questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at www.spdji.com, 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 currency, currency hedged, risk control, and return type versions of the below indices that may exist are also covered by this document. Please contact index_services@spglobal.com for a complete list of indices covered by this document.

Index	Return Type	Bloomberg
S&P Enhanced Yield North American Preferred Stock Index	Price Return	SPPEYP
	Total Return	SPPEYT
	Net Total Return	SPPEYN

Index D

Complete data for index replication (including share counts, tickers and data on index levels and returns) are available through S&P Dow Jones Indices' fee-based service, *SPICE* (www.spice-indices.com).

Index Data

Daily stock level and index data are available via subscription.

For product information, please contact S&P Dow Jones Indices, www.spdji.com/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spdji.com.

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