



NYSE Indices - Glossary of Index Terms

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Version 1.1 (Effective June 29, 2018)

The NYSE Indices - Glossary of Index Terms is being updated to define and provide additional information on the various terms referenced to within the methodology of the NYSE® Pickens Core Midstream™ Index. The list of Index Terms is also being alphabetized within the document.

Version 1.0 (Effective March 21, 2018)

The NYSE Indices - Glossary of Index Terms is being released to define and provide additional information on the various terms referenced to within Index methodologies. This document is intended to supplement the relevant methodology document of an Index.

1. Terms

Alpha - Any performance of an Index gained in excess of the relevant benchmark Index performance.

Announcement Date - The date on which changes to an Index including, but not limited to, a rebalance, reconstitution or corporate action event, are announced.

Back Test - The historical data outputted from a process utilized to retroactively calculate Index levels (values) for evaluative purposes.

Base Date - The reference date on which an Index level is set to a predetermined Base Value.

Base Value - A predetermined, usually whole-number, Index level that is set historically for purposes of commencing the time series of Index levels. In certain cases, it may be the Launch Date or the earliest date with backhistory.

Beta - The performance of the relevant benchmark Index. Typically, the benchmark Index refers to broad market, market capitalization weighted Indices. The benchmark Index can also include Indices tracking geographic regions, individual countries and economic sectors, depending on what type of Index is being benchmarked.

C-Corporation (C-Corp) - A type of corporation as defined under United States federal income tax law. It refers to any corporation that is taxed separately from its owners. C-Corporations (C-Corps) enjoy limited liability and are subject to corporate income taxation.

Constituent (Component) - A financial instrument that is selected for inclusion in an Index.

Core Midstream - Refers to the various activities in the midstream energy space that are classified as being more reflective of underlying midstream energy fundamentals and operating assets. The definition was created based upon a methodology developed by TriLine Index Solutions, LLC, and includes the following company activities: Gathering & Processing, Liquefaction, Pipeline Transportation, Rail Terminaling, and Storage.

Corporate Action - An event initiated by a company which will affect the securities issued by the company. Some examples of Corporate Actions include rights or entitlement issues, stock splits, spin-offs, merger & acquisition activity, and dividend declarations.

Effective Date - The date on which changes to an Index including, but not limited to, a rebalance, reconstitution or corporate action event, are made effective.

Equal Weighted (Equal Dollar Weighted) - A process by which Index component weights are set such that each component is represented equally in the Index on a percentage basis.

Excess Return (Futures Indices) - An Index variant for futures-based Indices that measures the performance of the underlying constituent contracts as well as the impacts of rolling those contracts. It does not include the yield impact of reinvesting collateral into t-bills.

Free Float - Issued and outstanding shares of a company not closely held by company management or insiders. Generally speaking, ownership positions that are greater than 10% of outstanding shares are considered to be closely held, meaning these shares are considered

to be a long-term investment and are not expected to trade often enough to be considered part of the pool of shares readily available to investors.

Free Float Adjusted Market Capitalization - This figure is calculated by applying the ratio of Free Float Shares to Shares Outstanding to the current Market Capitalization of a company. This figure is used to constrain the weight of an Index constituent in order to increase the ability of investors to accurately invest in and track the Index, especially in the case of a Market Capitalization weighted Index.

General Partner (GP) - A general partner is an owner of a partnership, such as an MLP, who has unlimited liability. They are typically active in the day-to-day operations of the business and are incentivized for their efforts through Incentive Distribution Rights (IDRs), which are a form of carried interest.

Gross Total Return - An Index variant that tracks periodic changes in the underlying prices of Index components and also accounts for any income (gross of any tax withholding) that may be produced by those components.

Incentive Distribution Rights (IDRs) - A form of carried interest that provides a General Partner an increasing share of the incremental distributable cash flow from a limited partnership. IDRs are utilized with MLPs and typically incentivize the General Partner to drive distribution growth at the limited partner level, by providing them an increasingly higher percentage of the LP's incremental cash flow once the payout on the common units reaches certain predetermined targets.

Institutional Units (I-units) - An investment vehicle that is created to expand the universe of investors in MLPs to institutional investors and tax-deferred accounts. I-units are equivalent to MLP units in most respects except that distributions are paid in stock rather than cash, and are thus treated similar to stock splits.

Launch Date (Live Date) - The date on which the Index is calculated and published on a live basis to the market.

Market Capitalization - The value of issued and outstanding equity shares calculated as issued and outstanding shares multiplied by the current share price.

Market Capitalization Weighting - A process by which Index component weights are set on a pro-rata basis based on Free Float Adjusted, or unadjusted, Market Capitalization.

Master Limited Partnerships (MLPs) - A type of business venture that exists in the form of a publicly traded limited partnership. Profits are only taxed when investors actually receive distributions. MLPs have two classes of partners, limited partners and General Partners (GPs).

Net Total Return - An Index variant that tracks periodic changes in the underlying prices of Index components and also accounts for any income (net of any tax withholding) that may be produced by those components. The location/perspective for all tax withholding rates is that of Luxembourg.

Pay-in-Kind (PIK) - Generally refers to the use of a good or service as payment instead of cash. Here, it specifically refers to a financial instrument like I-units that pays interest or dividends to investors with additional securities or equity instead of cash. For example, I-units will pay distributions in stock rather than cash.

Price Return - An Index variant that tracks periodic changes in the underlying prices of Index components and does not account for any income that may be produced by those components, with exception of special/extraordinary distributions.

Rebalance - The process of resetting existing Index component weights as per the Index methodology at periodic, scheduled intervals.

Reconstitution - The process of establishing a new list of Index constituents and respective component weights as per the Index methodology at periodic, scheduled intervals.

Reference Date - The date on which observations are made with regards to input data and screening criteria utilized to make Index component selections.

Shares Outstanding - Issued and outstanding shares of a company.

Strategy Indices - An Index that seeks to track an investment strategy or seeks to produce a desired exposure based on certain observed fundamental aspects of component securities. Examples of Strategy Indices would include Indices that attempt to minimize volatility, maximize income potential or include selection criteria restricting the inclusion of securities determined to be overvalued. These Indices are often described as being Alpha seeking, having an objective of outperforming their relevant benchmark Indices.

Thematic Indices - An Index that seeks to track the performance of various broad themes spanning an economic sector, industry, technology, or trend without regard to representing the underlying broad markets or capturing Alpha by measuring fundamentals of the Index constituents. Examples of Thematic Indices would include Indices that track companies identified as being domiciled in a particular emerging country, or providing goods and services in a particular economic sector or with a new technology.

Total Return (Futures Indices) - An Index variant for futures-based Indices that measures the performance of the underlying constituent contracts, the impacts of rolling those contracts, and the yield impact of reinvesting collateral into t-bills.

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