

FTSE US Preferred Stock & Hybrids Index Series

Diversification for your portfolio

Overview

The FTSE US Preferred Stock & Hybrids Index Series provides a representative, investable benchmark for investors looking to gain exposure to a growing segment of US preferred stock and hybrid debt, which have become increasingly popular. The market value of the index has increased more than 4.5 times to US\$374.43 billion (as at end of September 2021) in the last fifteen years.

The FTSE US Preferred Stock & Hybrids Index Series is a comprehensive, broad market measure of the US dollar AT1 capital stack, providing transparent selection definition and diversified broad coverage of the preferred stocks and hybrid bonds.

In recent years, the hybrid securities market in the US has expanded beyond preferred stocks, to a more comprehensive and diverse investment set.

Preferred stocks represent a class of ownership that has a higher claim over assets and earnings than common stocks but are subordinate to bonds. Dividends can be deferred without triggering default.

FTSE Russell defines other hybrid bonds to be loss absorbing, with coupons that can be deferred or suspended without triggering default. They may be perpetual, dated or have extendable maturity dates.

Features

Multi-Sector:

FTSE US Preferred & Hybrids Index Series captures issuance of OTC and Listed instruments for preferred stocks and hybrid bonds.

Broad measure:

Broadest measure of the investable choice set includes eligible securities from Investment Grade, High Yield and Non-Rated issuers to provide broad coverage of the investable universe.

Combines different dividend coupon types across Fixed Rate, Floating, Fix-to-Float, and Variable rate securities.

Baby bonds are included, defined as \$25 par debt, that may or may not have a deferrable coupon feature.

Modular construction:

Modular construction and sector definition allows for a more granular view of the market across coupon type, sector and ratings.

Best-in-class analytics:

Index series is supported by the best-in-class Yield Book analytics platform, both at issue level and sector level.

Available indexes

- FTSE US Preferred Stock & Hybrids Capped Index
- FTSE US Hybrid Security Capped Index
- FTSE US Preferred Stock Capped Index
- FTSE US Preferred Stock & Hybrids Financials Capped Index
- FTSE US Preferred Stock & Hybrids Exchange-listed Capped Index
- FTSE US Preferred Stock & Hybrids Fixed Rate Capped Index
- FTSE US Preferred Stock & Hybrids Floating Rate Capped Index
- FTSE US Preferred Stock & Hybrids High-Yield Capped Index
- FTSE US Preferred Stock & Hybrids High-Yield plus Not Rated Capped Index
- FTSE US Preferred Stock & Hybrids Investment-Grade Capped Index
- FTSE US Preferred Stock Investment-Grade + High-Yield Capped Index
- FTSE US Preferred Stock & Hybrids OTC Capped Index
- FTSE US Preferred Stock & Hybrids Par 1000 Capped Index
- FTSE US Preferred Stock & Hybrids Par 25, 50 100 Capped Index
- FTSE US Russell 3000 Preferred Stock & Hybrids Capped Index
- FTSE US Preferred Stock & Hybrids Regulatory Capital Capped Index
- FTSE US Preferred Stock & Hybrids Ex-Financials Capped Index

Analytics

Item	Description
Convertible Securities	Only non-mandatory convertible securities are included, as defined by ground rules
Yield Calculations	Yield calculations for hybrids and preferred stock
Fixed to float	Securities stay in the index even after switching the coupon type from fixed to float and supporting analytics are made available
Call date	Analytics for securities that are callable but there is no hard call
Pricing	Pricing is in currency units, and also percentage of par
Perpetuals	Analytics for perpetuals are computed assuming a rolling 60 years maturity
Baby Bonds	Redemption at par USD 25

For more information about our indexes, please visit ftserussell.com.

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FTSE Russell is a leading global index provider creating and managing a wide range of indexes, data and analytic solutions to meet client needs across asset classes, style and strategies. Covering 98% of the investable market, FTSE Russell indexes offer a true picture of global markets, combined with the specialist knowledge gained from developing local benchmarks around the world.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create investment funds, ETFs, structured products and index-based derivatives. FTSE Russell indexes also provide clients with tools for asset allocation, investment strategy analysis and risk management.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on index innovation and customer partnership applying the highest industry standards and embracing the IOSCO Principles. FTSE Russell is wholly owned by London Stock Exchange Group.

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