

## Adelante CORE Property Securities Index<sup>SM</sup>

The Adelante CORE Property Securities Index<sup>SM</sup> (ACMCOR) designed by Adelante Capital Management LLC., measures the performance of publicly-traded real estate securities, primarily Real Estate Investment Trusts (REITs), which own and operate commercial real estate designed to serve as a proxy for institutional core real estate. Created in October 2017, the index uses the real estate subset of the Wilshire 5000 Total Market Index<sup>TM</sup> with specific Wilshire Real Estate Property Types and is calculated under a modified capitalization-weighted methodology. The methodology is expected to retain, in concept, the economic attributes of float-adjusted, capitalization-weighting while providing enhanced diversification.

### Membership

To be included in the Adelante CORE Property Securities Index, an issue must be a company that:

- Is a member of the Wilshire 5000 Total Market Index;
- Is an equity owner or operator of commercial and/or residential real estate;
- Has one of the following Wilshire property types:
  - Apartments
  - Diversified
  - Hotels
  - Industrial
  - Office
  - Mixed Industrial/Office
  - Regional Malls
  - Factory Outlets
  - Strip Centers
- Has a minimum total market capitalization of at least \$300 million at the time of its inclusion;
- Has at least 75 percent of the company's total revenue derived from the ownership and operation of real estate assets; and
- Has liquidity of its stock commensurate with that of other institutionally-held real estate securities.

### Adjustments & Maintenance

Periodic and ongoing reviews of the composition of the Adelante CORE Property Securities Index and shares are conducted based on the following rules:

- Routine additions and deletions to the index as well as share updates, are made quarterly after the close of trading on the third Friday of March, June, September, and December. The changes become effective at the opening of trading on the next business day;
- The Index uses a modified capitalization-weighted methodology that is expected to retain, in concept, the economic attributes of capitalization-weighting while providing enhanced diversification. To accomplish this, the composition of the index is reviewed on a quarterly basis and individual index constituent weights adjusted using a proprietary algorithm if certain pre-established weight distribution requirements are not met;
- During the quarter, a component company's shares outstanding will be adjusted whenever and at the same time as a change in that company is made in the Wilshire 5000 by the same percentage amount that Wilshire 5000 shares outstanding have changed;
- A company will be removed from the index if direct mortgage investments represent more than 25 percent of the company's assets for two consecutive quarters or if the company is reclassified as a mortgage or hybrid REIT; and,

A company will be removed from the Adelante CORE Property Securities Index if:

- Less than 50 percent of its total revenue is generated from ownership and operation of real estate assets for two consecutive quarters;
- Wilshire Real Estate Property Type changes from one of the required property types;

- Any stock becomes illiquid or has more than ten non-trading days during the previous quarter;
- Any stock is delisted by its primary market due to failure to meet financial or regulatory requirements;
- Total market capitalization falls below \$200 million and remains at that level for two consecutive quarters;
- A component company enters bankruptcy proceedings, it will be removed from the indexes and will remain ineligible for re-inclusion until has emerged from bankruptcy. However, the Wilshire Index Oversight Committee may, following a review of the bankrupt company and the issues involved in the filing, decide to keep the company in the index; and,
- The Wilshire Index Oversight Committee or the Adelante Indices Oversight Committee may, at its discretion and if it has determined a company to be in extreme financial distress, remove the company from the Index if either committee deems the removal necessary to protect the integrity of the index and interests of investors in products linked to that index.

## More Information

Powered by Wilshire Indexes, please visit [www.wilshire.com](http://www.wilshire.com) or email [wilshireindexes@wilshire.com](mailto:wilshireindexes@wilshire.com).

Adelante Capital Management LLC., please visit [www.adelante.com](http://www.adelante.com) or email [indexes@adelante.com](mailto:indexes@adelante.com).

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