



## KBW Nasdaq Index 1Q17 Rebalance Effective After the Close on Friday, 3/17

### Summary

KBW and Nasdaq announced 1Q17 rebalance changes to their Index family, effective after the close on Friday, 3/17. We identify constituent changes to the indexes and highlight stocks we believe will be most impacted by the rebalance.

- **The 1Q17 rebalance for the KBW Nasdaq indexes is effective after the close on Friday, 3/17.**
- KBW Nasdaq indexes with associated PowerShares ETFs are: **KBW Nasdaq Bank Index (BKX<sup>SM</sup> / associated ETF: KBWB<sup>SM</sup>)**, **KBW Nasdaq Regional Banking Index (KRX<sup>SM</sup>) / associated ETF: KBWR<sup>SM</sup>)**, **KBW Nasdaq Property & Casualty Index (KPX<sup>SM</sup>) / associated ETF: KBWP<sup>SM</sup>**, **KBW Nasdaq Financial Sector Dividend Yield Index (KDX<sup>SM</sup>) / associated ETF: KBWD<sup>SM</sup>**, and **KBW Nasdaq Premium Yield Equity REIT Index (KYX<sup>SM</sup>) / associated ETF: KBWY<sup>SM</sup>**.
- **As part of the 1Q17 rebalance:**
  - **TPRE will replace AWH in the KPX.** *We expect TPRE will have 0.2 days of buying volume as a result of its addition to KPX.*
- The most impacted names (**greater than or equal to 0.5 day of volume**) from the 1Q17 rebalance are as follows:
- **Estimated buying demand:**
  - **Between 1 to 1.5 days of buy-in:** GNL, MCC
  - **Between 0.5 to 1 day of buy-in:** TCRD, AI
- **Estimated selling pressure:**
  - **More than 2 days of selling pressure:** RSO, GMRE
  - **Between 1 to 2 days of selling pressure:** IRET
  - **Between 0.5 to a day of selling pressure:** GOOD, GLAD

Please refer to pages 2- 4 for our complete analysis.

**Risks:** Calculations are based on 3/10/17 AUM at the Trust and 10-day ADTV. Our estimates are subject to daily changes in part due to market conditions and factors beyond our control, which could lead to the changes in the buy or sell volumes. KBW does not guarantee the accuracy or completeness of the above calculations and shall have no liability for any damages, claims, losses or expenses caused by errors in the calculations. KBW makes no representation regarding the advisability of investing in ETFs. Past performance is not necessarily indicative of future results.

**Melissa A. Roberts**  
212 887 3820  
mroberts@kbw.com

**Pell Bermingham**  
212 887 8699  
berminghamk@kbw.com

[Glossary of Terms](#)



A Stifel Company

# KBW - Guide to 1Q17 KBW Nasdaq Index Rebalance

Source: KBW Research, Nasdaq, Bloomberg, Factset Research

## Estimated 1Q17 Rebalance Impact

Ticker	Company Name	1Q17 Rebalance Impacts	Estimated 1Q17 Rebalance Impact					Est. TOTAL 1Q17 Rebalance Impact (Shares)	10-Day ADTV	SORTED Est. Days of Volume Impact
			KYX	KDX	KPX	BKX	KRX			
GNL	Global Net Lease, Inc.	KYX Reweight	805,920	NA	NA	NA	NA	805,920	644,205	1.3
MCC	Medley Capital Corp.	KDX Reweight	NA	247,188	NA	NA	NA	247,188	257,514	1.0
TCRD	THL Credit, Inc.	KDX Reweight	NA	96,908	NA	NA	NA	96,908	124,593	0.8
AI	Arlington Asset Investment Corp.	KDX Reweight	NA	284,693	NA	NA	NA	284,693	471,420	0.6
WMC	Western Asset Mortgage Capital Corp.	KDX Reweight	NA	176,924	NA	NA	NA	176,924	458,519	0.4
ORC	Orchid Island Capital, Inc.	KDX Reweight	NA	410,761	NA	NA	NA	410,761	1,224,691	0.3
MITT	AG Mortgage Investment Trust, Inc.	KDX Reweight	NA	53,745	NA	NA	NA	53,745	190,985	0.3
AHT	Ashford Hospitality Trust, Inc.	KYX Reweight	278,874	NA	NA	NA	NA	278,874	1,023,704	0.3
APTS	Preferred Apartment Communities, Inc.	KYX Reweight	49,654	NA	NA	NA	NA	49,654	226,402	0.2
FSP	Franklin Street Properties Corp.	KYX Reweight	69,941	NA	NA	NA	NA	69,941	349,733	0.2
CBL	CBL & Associates Properties, Inc.	KYX Reweight	446,099	NA	NA	NA	NA	446,099	2,401,291	0.2
ORIT	Oritani Financial Corp.	KDX Reweight	NA	35,946	NA	NA	NA	35,946	194,250	0.2
TPRE	Third Point Reinsurance Ltd.	KPX Add	NA	NA	96,377	NA	NA	96,377	591,711	0.2
BKCC	BlackRock Capital Investment Corp.	KDX Reweight	NA	59,397	NA	NA	NA	59,397	424,498	0.1
CBSH	Commerce Bancshares, Inc. (Missouri)	KRX Reweight	NA	NA	NA	NA	50,113	50,113	379,861	0.1
CYS	CYS Investments, Inc.	KDX Reweight	NA	182,641	NA	NA	NA	182,641	1,389,415	0.1
WPG	Washington Prime Group, Inc.	KYX Reweight	313,087	NA	NA	NA	NA	313,087	2,600,902	0.1
MCY	Mercury General Corp.	KPX Reweight, KDX Reweight	NA	7,803	8,024	NA	NA	15,827	148,171	0.1
APAM	Artisan Partners Asset Management, Inc.	KDX Reweight	NA	53,642	NA	NA	NA	53,642	555,403	0.1
AINV	Apollo Investment Corp.	KDX Reweight	NA	106,679	NA	NA	NA	106,679	1,240,605	0.1
PMT	PennyMac Mortgage Investment Trust	KDX Reweight	NA	38,806	NA	NA	NA	38,806	517,798	0.1
MHLD	Maiden Holdings Ltd.	KPX Reweight, KDX Reweight	NA	27,341	12,479	NA	NA	39,820	570,659	0.1
XHR	Xenia Hotels & Resorts, Inc.	KYX Reweight	36,683	NA	NA	NA	NA	36,683	542,667	0.1
KMPR	Kemper Corp.	KPX Reweight	NA	NA	7,513	NA	NA	7,513	118,468	0.1
WDR	Waddell & Reed Financial, Inc.	KDX Reweight	NA	67,637	NA	NA	NA	67,637	1,294,129	0.1
PRA	ProAssurance Corp.	KPX Reweight	NA	NA	7,726	NA	NA	7,726	149,299	0.1
VLY	Valley National Bancorp	KRX Reweight, KDX Reweight	NA	(8,745)	NA	NA	(5,469)	(14,215)	2,072,818	NM
UMQP	Umpqua Holdings Corp.	KRX Reweight, KDX Reweight	NA	4,027	NA	NA	4,706	8,734	1,694,489	NM
PBCT	People's United Financial, Inc.	BKX Reweight, KDX Reweight	NA	13,704	NA	12,598	NA	26,302	3,066,004	NM
PACW	PacWest Bancorp	KRX Reweight, KDX Reweight	NA	(301)	NA	NA	(1,994)	(2,296)	723,893	NM
NYCB	New York Community Bancorp, Inc.	BKX Reweight, KDX Reweight	NA	52,059	NA	4,861	NA	56,920	5,409,678	NM
FMBI	First Midwest Bancorp, Inc. (Illinois)	KRX Reweight	NA	NA	NA	NA	539	539	2,290,688	NM
BKU	BankUnited, Inc.	KRX Reweight	NA	NA	NA	NA	(5,089)	(5,089)	501,749	NM
FFIN	First Financial Bankshares, Inc. (Texas)	KRX Reweight	NA	NA	NA	NA	6,018	6,018	235,611	NM
FULT	Fulton Financial Corp.	KRX Reweight	NA	NA	NA	NA	(159)	(159)	758,268	NM
GBCI	Glacier Bancorp, Inc.	KRX Reweight	NA	NA	NA	NA	59	59	261,391	NM
ONB	Old National Bancorp	KRX Reweight	NA	NA	NA	NA	756	756	668,146	NM
HBHC	Hancock Holding Co.	KRX Reweight	NA	NA	NA	NA	(6,640)	(6,640)	609,162	NM
WAL	Western Alliance Bancorp	KRX Reweight	NA	NA	NA	NA	(2,666)	(2,666)	467,905	NM
BOH	Bank of Hawaii Corp.	KRX Reweight	NA	NA	NA	NA	3,650	3,650	223,127	NM
BPFH	Boston Private Financial Holdings, Inc.	KRX Reweight	NA	NA	NA	NA	1,588	1,588	446,371	NM
PNFP	Pinnacle Financial Partners, Inc.	KRX Reweight	NA	NA	NA	NA	60	60	277,420	NM
FCF	First Commonwealth Financial Corp. (Pennsylvania)	KRX Reweight	NA	NA	NA	NA	161	161	407,941	NM
PFS	Provident Financial Services, Inc.	KRX Reweight	NA	NA	NA	NA	251	251	183,740	NM
IBKC	IBERIABANK Corp.	KRX Reweight	NA	NA	NA	NA	3,075	3,075	1,240,938	NM
MBFI	MB Financial, Inc.	KRX Reweight	NA	NA	NA	NA	3,908	3,908	337,069	NM
SBNY	Signature Bank (New York, New York)	KRX Reweight	NA	NA	NA	NA	1,605	1,605	290,175	NM
TCB	TCF Financial Corp.	KRX Reweight	NA	NA	NA	NA	20,550	20,550	1,262,153	NM
CVBF	CVB Financial Corp.	KRX Reweight	NA	NA	NA	NA	290	290	381,625	NM
BXS	BancorpSouth, Inc.	KRX Reweight	NA	NA	NA	NA	(1,400)	(1,400)	488,020	NM
TRMK	Trustmark Corp.	KRX Reweight	NA	NA	NA	NA	294	294	332,260	NM
UMBF	UMB Financial Corp.	KRX Reweight	NA	NA	NA	NA	2,454	2,454	278,276	NM
WABC	Westamerica Bancorp	KRX Reweight	NA	NA	NA	NA	1,168	1,168	107,327	NM
ISBC	Investors Bancorp, Inc.	KRX Reweight	NA	NA	NA	NA	(1,212)	(1,212)	1,913,125	NM
WTFC	Wintrust Financial Corp.	KRX Reweight	NA	NA	NA	NA	(2,791)	(2,791)	338,290	NM
TCBI	Texas Capital Bancshares, Inc.	KRX Reweight	NA	NA	NA	NA	(8,059)	(8,059)	503,788	NM
ASB	Associated Banc-Corp.	KRX Reweight	NA	NA	NA	NA	(9,403)	(9,403)	899,939	NM
FHN	First Horizon National Corp. (Tennessee)	KRX Reweight	NA	NA	NA	NA	7,702	7,702	2,282,074	NM
STBA	S&T Bancorp, Inc.	KRX Reweight	NA	NA	NA	NA	94	94	125,219	NM
OZRK	Bank of the Ozarks, Inc.	KRX Reweight	NA	NA	NA	NA	(2,009)	(2,009)	954,250	NM
UBSI	United Bankshares, Inc. (West Virginia)	KRX Reweight	NA	NA	NA	NA	11,579	11,579	491,243	NM
BRKL	Brookline Bancorp, Inc.	KRX Reweight	NA	NA	NA	NA	189	189	224,720	NM
WBS	Webster Financial Corp.	KRX Reweight	NA	NA	NA	NA	(2,676)	(2,676)	679,303	NM
WAFD	Washington Federal, Inc.	KRX Reweight	NA	NA	NA	NA	4,812	4,812	399,616	NM
CATY	Cathay General Bancorp	KRX Reweight	NA	NA	NA	NA	(5,201)	(5,201)	356,825	NM
CBU	Community Bank System, Inc.	KRX Reweight	NA	NA	NA	NA	416	416	212,048	NM
EWBC	East West Bancorp, Inc.	KRX Reweight	NA	NA	NA	NA	(9,557)	(9,557)	744,581	NM
BPOP	Popular, Inc.	KRX Reweight	NA	NA	NA	NA	(774)	(774)	794,745	NM
COLB	Columbia Banking System, Inc.	KRX Reweight	NA	NA	NA	NA	392	392	276,480	NM
CFR	Cullen/Frost Bankers, Inc.	KRX Reweight	NA	NA	NA	NA	(2,437)	(2,437)	497,100	NM
PB	Prosperity Bancshares, Inc.	KRX Reweight	NA	NA	NA	NA	(3,265)	(3,265)	407,580	NM
SNV	Synovus Financial Corp.	KRX Reweight	NA	NA	NA	NA	(1,585)	(1,585)	646,808	NM
FNB	F.N.B. Corp. (Pennsylvania)	KRX Reweight	NA	NA	NA	NA	17,966	17,966	5,487,537	NM
FFBC	First Financial Bancorp (Ohio)	KRX Reweight	NA	NA	NA	NA	244	244	225,958	NM
HOPE	Hope Bancorp, Inc.	KRX Reweight	NA	NA	NA	NA	330	330	365,182	NM
STL	Sterling Bancorp	KRX Reweight	NA	NA	NA	NA	(2,164)	(2,164)	2,564,218	NM
JPM	JPMorgan Chase & Co.	BKX Reweight	NA	NA	NA	(24,447)	NA	(24,447)	15,277,061	NM

This report is intended for berminghamk@kbw.com. Unauthorized redistribution of this report is prohibited.



A Stifel Company

# KBW - Guide to 1Q17 KBW Nasdaq Index Rebalance

Source: KBW Research, Nasdaq, Bloomberg, Factset Research

## Estimated 1Q17 Rebalance Impact

Ticker	Company Name	1Q17 Rebalance Impacts	Estimated 1Q17 Rebalance Impact					Est. TOTAL 1Q17 Rebalance Impact (Shares)	10-Day ADTV	SORTED Est. Days of Volume Impact
			KYX	KDX	KPX	BKX	KRX			
PNC	The PNC Financial Services Group, Inc.	BKX Rweight	NA	NA	NA	(15,019)	NA	(15,019)	2,567,225	NM
BAC	Bank of America Corp.	BKX Rweight	NA	NA	NA	(210,271)	NA	(210,271)	90,683,672	NM
C	Citigroup, Inc.	BKX Rweight	NA	NA	NA	53,657	NA	53,657	19,368,208	NM
BBT	BB&T Corp.	BKX Rweight	NA	NA	NA	29,253	NA	29,253	4,470,983	NM
STI	SunTrust Banks, Inc.	BKX Rweight	NA	NA	NA	(28,296)	NA	(28,296)	3,320,403	NM
BK	The Bank of New York Mellon Corp.	BKX Rweight	NA	NA	NA	88,980	NA	88,980	5,216,153	NM
CMA	Comerica, Inc.	BKX Rweight	NA	NA	NA	8,861	NA	8,861	1,638,287	NM
CFG	Citizens Financial Group, Inc.	BKX Rweight	NA	NA	NA	(393)	NA	(393)	4,223,771	NM
RF	Regions Financial Corp.	BKX Rweight	NA	NA	NA	(38,792)	NA	(38,792)	14,847,056	NM
MTB	M&T Bank Corp.	BKX Rweight	NA	NA	NA	(13,544)	NA	(13,544)	806,400	NM
SIVB	SVB Financial Group	BKX Rweight	NA	NA	NA	961	NA	961	492,420	NM
FTB	Fifth Third Bancorp	BKX Rweight	NA	NA	NA	(1,890)	NA	(1,890)	5,807,073	NM
HBAN	Huntington Bancshares, Inc.	BKX Rweight	NA	NA	NA	13,021	NA	13,021	8,149,291	NM
NTRS	Northern Trust Corp.	BKX Rweight	NA	NA	NA	6,949	NA	6,949	1,014,948	NM
KEY	KeyCorp	BKX Rweight	NA	NA	NA	(5,646)	NA	(5,646)	10,213,489	NM
STT	State Street Corp.	BKX Rweight	NA	NA	NA	44,102	NA	44,102	2,332,196	NM
USB	U.S. Bancorp	BKX Rweight	NA	NA	NA	(9,256)	NA	(9,256)	6,818,989	NM
FRC	First Republic Bank, Inc.	BKX Rweight	NA	NA	NA	1,498	NA	1,498	1,500,910	NM
ZION	Zions Bancorp.	BKX Rweight	NA	NA	NA	(540)	NA	(540)	2,471,252	NM
COF	Capital One Financial Corp.	BKX Rweight	NA	NA	NA	(6,205)	NA	(6,205)	2,131,268	NM
WFC	Wells Fargo & Co.	BKX Rweight	NA	NA	NA	10,968	NA	10,968	15,578,330	NM
ACGL	Arch Capital Group Ltd.	KPX Rweight	NA	NA	(2,045)	NA	(2,045)	288,910	NM	
RE	Everest Re Group Ltd.	KPX Rweight	NA	NA	(405)	NA	(405)	247,170	NM	
PGR	Progressive Corp.	KPX Rweight	NA	NA	(16,174)	NA	(16,174)	2,716,286	NM	
TRV	The Travelers Cos., Inc.	KPX Rweight	NA	NA	767	NA	767	1,792,504	NM	
AFSI	AmTrust Financial Services, Inc. (New York)	KPX Rweight	NA	NA	24,695	NA	24,695	2,592,246	NM	
AHL	Aspen Insurance Holdings Ltd.	KPX Rweight	NA	NA	8,378	NA	8,378	194,443	NM	
AXS	AXIS Capital Holdings Ltd.	KPX Rweight	NA	NA	(2,396)	NA	(2,396)	631,098	NM	
AFG	American Financial Group, Inc.	KPX Rweight	NA	NA	(2,080)	NA	(2,080)	280,278	NM	
THG	The Hanover Insurance Group, Inc.	KPX Rweight	NA	NA	6,126	NA	6,126	211,204	NM	
RLI	RLI Corp.	KPX Rweight	NA	NA	6,414	NA	6,414	175,109	NM	
AIZ	Assurant, Inc.	KPX Rweight	NA	NA	(2,079)	NA	(2,079)	324,131	NM	
CINF	Cincinnati Financial Corp.	KPX Rweight	NA	NA	6,064	NA	6,064	489,077	NM	
SIGI	Selective Insurance Group, Inc.	KPX Rweight	NA	NA	8,697	NA	8,697	329,039	NM	
XL	XL Group Ltd.	KPX Rweight	NA	NA	(2,709)	NA	(2,709)	1,558,903	NM	
VR	Validus Holdings Ltd.	KPX Rweight	NA	NA	9,795	NA	9,795	473,845	NM	
WRB	W.R. Berkley Corp.	KPX Rweight	NA	NA	(3,042)	NA	(3,042)	416,487	NM	
CB	Chubb Ltd.	KPX Rweight	NA	NA	624	NA	624	1,196,596	NM	
ALL	The Allstate Corp.	KPX Rweight	NA	NA	(7,576)	NA	(7,576)	2,054,434	NM	
RNR	RenaissanceRe Holdings Ltd.	KPX Rweight	NA	NA	(998)	NA	(998)	212,234	NM	
AWH	Allied World Assurance Co. Holdings AG	KPX Delete	NA	NA	NA	NA	0	456,738	NM	
SNR	New Senior Investment Group, Inc.	KYX Rweight	8,229	NA	NA	NA	8,229	949,698	NM	
CCP	Care Capital Properties, Inc.	KYX Rweight	(32,999)	NA	NA	NA	(32,999)	1,115,933	NM	
SNH	Senior Housing Properties Trust	KYX Rweight	(76,139)	NA	NA	NA	(76,139)	1,909,353	NM	
WSR	Whitestone REIT	KYX Rweight	(8,280)	NA	NA	NA	(8,280)	182,118	NM	
MPW	Medical Properties Trust, Inc.	KYX Rweight	(66,144)	NA	NA	NA	(66,144)	4,181,847	NM	
HPT	Hospitality Properties Trust	KYX Rweight	(22,099)	NA	NA	NA	(22,099)	646,192	NM	
LXP	Lexington Realty Trust	KYX Rweight	(40,392)	NA	NA	NA	(40,392)	1,739,781	NM	
STAG	STAG Industrial, Inc.	KYX Rweight	(21,933)	NA	NA	NA	(21,933)	1,106,934	NM	
GPT	Gramercy Property Trust	KYX Rweight	(7,436)	NA	NA	NA	(7,436)	855,506	NM	
CHSP	Chesapeake Lodging Trust	KYX Rweight	19,092	NA	NA	NA	19,092	392,079	NM	
CLDT	Chatham Lodging Trust	KYX Rweight	3,196	NA	NA	NA	3,196	262,512	NM	
LHO	LaSalle Hotel Properties	KYX Rweight	9,879	NA	NA	NA	9,879	1,659,167	NM	
APLE	Apple Hospitality REIT, Inc.	KYX Rweight	(11,159)	NA	NA	NA	(11,159)	1,787,529	NM	
MGP	MGM Growth Properties LLC	KYX Rweight	(5,294)	NA	NA	NA	(5,294)	441,781	NM	
RLJ	RLJ Lodging Trust	KYX Rweight	29,209	NA	NA	NA	29,209	821,590	NM	
NRZ	New Residential Investment Corp.	KDX Rweight	NA	3,708	NA	NA	3,708	4,527,646	NM	
CIM	Chimera Investment Corp.	KDX Rweight	NA	(56,215)	NA	NA	(56,215)	1,391,339	NM	
ARR	ARMOUR Residential REIT, Inc.	KDX Rweight	NA	(11,713)	NA	NA	(11,713)	615,907	NM	
AGNC	AGNC Investment Corp.	KDX Rweight	NA	18,363	NA	NA	18,363	2,561,585	NM	
FII	Federated Investors, Inc.	KDX Rweight	NA	17,781	NA	NA	17,781	793,638	NM	
ORI	Old Republic International Corp.	KDX Rweight	NA	(23,614)	NA	NA	(23,614)	1,437,528	NM	
GHL	Greenhill & Co., Inc.	KDX Rweight	NA	1,847	NA	NA	1,847	378,082	NM	
NAVI	Navigent Corp.	KDX Rweight	NA	71,565	NA	NA	71,565	2,509,399	NM	
NLY	Annaly Capital Management, Inc.	KDX Rweight	NA	82,225	NA	NA	82,225	7,123,015	NM	
IVZ	Invesco Ltd.	KDX Rweight	NA	7,614	NA	NA	7,614	3,405,146	NM	
FAF	First American Financial Corp.	KDX Rweight	NA	5,281	NA	NA	5,281	591,728	NM	
LAZ	Lazard Ltd.	KDX Rweight	NA	(4,891)	NA	NA	(4,891)	611,130	NM	
PSEC	Prospect Capital Corp.	KDX Rweight	NA	(177,190)	NA	NA	(177,190)	3,083,680	(0.1)	
GOV	Government Properties Income Trust	KYX Rweight	(45,086)	NA	NA	NA	(45,086)	756,144	(0.1)	
BGCP	BGC Partners, Inc.	KDX Rweight	NA	(69,912)	NA	NA	(69,912)	1,117,465	(0.1)	
GEO	The GEO Group, Inc.	KYX Rweight	(108,680)	NA	NA	NA	(108,680)	1,598,767	(0.1)	
IRT	Independence Realty Trust, Inc.	KYX Rweight	(50,181)	NA	NA	NA	(50,181)	512,260	(0.1)	
CXW	CoreCivic, Inc.	KYX Rweight	(280,916)	NA	NA	NA	(280,916)	1,755,259	(0.2)	
HCI	HCI Group, Inc.	KDX Rweight	NA	(36,808)	NA	NA	(36,808)	209,738	(0.2)	
SBRA	Sabra Health Care REIT, Inc.	KYX Rweight	(102,005)	NA	NA	NA	(102,005)	474,623	(0.2)	
BOKF	BOK Financial Corp.	KRX Rweight	NA	NA	NA	NA	(30,536)	(30,536)	122,346	(0.2)

This report is intended for berminghamk@kbw.com. Unauthorized redistribution of this report is prohibited.



## KBW - Guide to 1Q17 KBW Nasdaq Index Rebalance

Source: KBW Research, Nasdaq, Bloomberg, Factset Research			Estimated 1Q17 Rebalance Impact					Est. TOTAL 1Q17 Rebalance Impact (Shares)	10-Day ADTV	ESTIMATED Est. Days of Volume Impact
Ticker	Company Name	1Q17 Rebalance Impacts	KYX	KDX	KPX	BKX	KRX			
VIRT	Virtu Financial, Inc.	KDX Reweight	NA	(101,511)	NA	NA	NA	(101,511)	384,092	(0.3)
PNNT	PennantPark Investment Corp.	KDX Reweight	NA	(189,168)	NA	NA	NA	(189,168)	631,440	(0.3)
TRTN	Triton International Ltd.	KDX Reweight	NA	(109,858)	NA	NA	NA	(109,858)	310,874	(0.4)
GLAD	Gladstone Capital Corp.	KDX Reweight	NA	(67,945)	NA	NA	NA	(67,945)	139,993	(0.5)
GOOD	Gladstone Commercial Corp.	KYX Reweight	(68,016)	NA	NA	NA	NA	(68,016)	136,397	(0.5)
IRET	Investors Real Estate Trust	KYX Reweight	(641,688)	NA	NA	NA	NA	(641,688)	543,908	(1.2)
GMRE	Global Medical REIT, Inc.	KYX Reweight	(273,392)	NA	NA	NA	NA	(273,392)	98,778	(2.8)
RSO	Resource Capital Corp.	KDX Reweight	NA	(1,542,400)	NA	NA	NA	(1,542,400)	510,288	(3.0)

This report is intended for berminghamk@kbw.com. Unauthorized redistribution of this report is prohibited.



**IMPORTANT DISCLOSURES**

**RESEARCH ANALYST CERTIFICATION:** We, Melissa A. Roberts and Pell Bermingham, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject companies and their securities. We also certify that we have not been, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation in this report.

**Analysts' Compensation:** The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues, which include revenues from, among other business units, Institutional Equities and Investment Banking.

The recommendations contained in this report were produced at 12 March 2017 18:24 EDT and disseminated at 12 March 2017 18:24 EDT

For disclosures pertaining to recommendations or estimates made on a security mentioned in this report, please see the most recently published company report or visit our global disclosures page on our website at <http://www.kbw.com/research/disclosures> or see the section below titled "Disclosure Information" for further information on how to obtain these disclosures.

**AFFILIATE DISCLOSURES**

This report has been prepared by Keefe, Bruyette & Woods, Inc. ("KBWI") and/or its affiliate Stifel Nicolaus Europe Limited ("SNEL"), also trading as Keefe, Bruyette & Woods Europe ("KBW Europe"); collectively "KBW". Both KBWI and KBW Europe are affiliates of Stifel Financial Corp. KBWI is regulated by FINRA and the United States Securities and Exchange Commission, is a member of NYSE, and its headquarters is located at 787 7th Avenue, New York, NY 10019. Stifel Nicolaus Europe Limited, also trading as Keefe, Bruyette & Woods Europe, is registered in England and Wales, no. 03719559 and its registered office is 4th Floor, 150 Cheapside, London EC2V 6ET. Stifel Nicolaus Europe Limited, also trading as Keefe, Bruyette & Woods Europe, is authorised and regulated by the Financial Conduct Authority (FCA) in the UK entered on the FCA's register, no. 190412 and is a member of the London Stock Exchange. Disclosures in the Important Disclosures section referencing KBW include one or all affiliated entities unless otherwise specified.

**Registration of non-U.S. Analysts:** Any non-U.S. Research Analyst employed by a non-U.S. affiliate of KBWI contributing to this report is not registered/qualified as research analyst with FINRA and/or the NYSE and may not be an associated person of KBWI and therefore may not be subject to FINRA Rule 2241 or NYSE Rule 472 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

**Disclosure Information:** For current company-specific disclosures, please write to one of the KBW entities: For **U.S. Research:** Keefe, Bruyette & Woods, Inc. Research Department, 787 7th Avenue, 4th Floor, New York, NY 10019. For **European Research:** The Compliance Officer, Stifel Nicolaus Europe Limited, 4th Floor, 150 Cheapside, London EC2V 6ET. Or visit our website at <http://www.kbw.com/research/disclosures>. KBW has arrangements in place to manage conflicts of interest including information barriers between the Research Department and certain other business groups. As a result, KBW does not disclose certain client relationships with, or compensation received from, such companies in its research reports.

**Distribution of Ratings/IB Services**  
KBW

Rating	Count	Percent	*IB Serv./Past 12 Mos.	
			Count	Percent
Outperform [BUY]	189	30.14	69	36.51
Market Perform [HOLD]	377	60.13	123	32.63
Underperform [SELL]	41	6.54	8	19.51
Restricted [RES]	0	0.00	0	0.00
Suspended [SP]	20	3.19	2	10.00
Covered -Not Rated [CNR]	3	0.48	0	0.00

\*KBW maintains separate research departments; however, the above chart, "Distribution of Ratings/IB Services," reflects combined information related to the distribution of research ratings and the receipt of investment banking fees globally. \*\*Note: All ratings for Keefe, Bruyette and Woods, Inc. as of January 15, 2015 reflect a relative ratings system.

**Explanation of Ratings:** KBW Research Department provides three core ratings: Outperform, Market Perform, and Underperform, and three ancillary ratings: Suspended, Restricted, and Covered-Not Rated. For purposes of New York Stock Exchange Rule 472 and FINRA Rule 2241, Outperform is classified as a Buy, Market Perform is classified as a Hold, and Underperform is classified as a Sell. Suspended indicates that KBW's investment rating and/or target price have been temporarily suspended due to applicable regulations and/or KBW policies. Restricted indicates that KBW is precluded from providing an investment rating or price target due to the firm's role in connection with a merger or other strategic financial transaction. Covered-Not Rated indicates that KBW is not providing an investment rating and/or price target due to the lack of publicly available information and/or its inability to adequately quantify the publicly available information to sufficiently produce such metrics.

**North American Stocks and European Stocks** are rated based on the share price upside to target price relative to the relevant sector index performance on a 12-month horizon. Outperform rated stocks have a greater than 10 percentage point ("pp") relative performance versus the sector, Market Perform rated stocks between +10pp to -10pp relative performance versus the sector, and Underperform rated stocks a lower than 10pp relative performance versus the sector. The 12-month price target may be determined by the stock's fundamentally driven fair value and/or other factors (e.g., takeover premium or illiquidity discount).



**KBW Model Portfolio:** “Model Portfolio Buy” - Companies placed on this list are expected to generate a total rate of return (percentage price change plus dividend yield) of 10% or more over the next 3 to 6 months. “Model Portfolio Sell” - Companies placed on this list are expected to generate a total rate of return (percentage price change plus dividend yield) at or below -10% over the next 3 to 6 months.

The purpose of the Model Portfolio is to inform institutional investors of KBWI’s short-term (as described above) outlook for a particular industry sector. The Portfolio is not available for purchase or sale, cannot be duplicated as shown, is hypothetical and is for illustrative purposes only. For a more detailed description of the selection criteria and other specifics related to the construction of the Model Portfolio, please refer to the January 5, 2010 Model Portfolio Primer and/or contact your KBWI representative for more information.

The Model Portfolio should be viewed as a short-term outlook of a particular industry sector, not as individual security recommendations. The Model Portfolio uses a three-to-six-month time horizon and should not be considered when making longer term investments. KBWI Research publishes research with a 12-month outlook on each issuer of securities contained in the Model Portfolio. Investors who are interested in a particular security should request KBWI Research’s coverage of such securities by contacting your KBWI representative. KBW research contains analyses of fundamentals underlying each issuer.

KBWI’s long-term recommendations may differ from recommendations made for the Model Portfolio. These differences are the result of different time horizons—KBWI research has a 12-month outlook and the Model Portfolio has a three-to-six-month outlook.

Although the model portfolio is based upon actual performance of actual investments, KBWI did not recommend that investors purchase this combination—or hypothetical portfolio—of investments during the time period depicted here. As this hypothetical portfolio was designed with the benefit of hindsight, the choice of investments contained in it reflects a subjective choice by KBWI. Accordingly, this hypothetical portfolio may reflect a choice of investments that performed better than an actual portfolio, which was recommended during the depicted time frame, would have performed during the same time period. Moreover, unlike an actual performance record, these results do not represent actual trading wherein market conditions or other risk factors may have caused the holder of the portfolio to liquidate or retain all or part of the represented holdings.

**Stifel/KBW Income Opportunity List, Stifel/KBW Analyst Select List, and Stifel/KBW Select Income Opportunity—The Crossovers List:** These lists include companies that analysts believe have the most attractive risk-adjusted return potential over the next 12 months, or, in the case of the Stifel/KBW Income Opportunity Ideas List, have yield in excess of 2%. In some cases, analysts who cover more than one sub-sector may have more than one name on the list.

**Other Research Methods:** Please be advised that KBW provides to certain customers on request specialized research products or services that focus on covered stocks from a particular perspective. These products or services include, but are not limited to, compilations, reviews, and analysis that may use different research methodologies or focus on the prospects for individual stocks as compared to other covered stocks or over differing time horizons or under assumed market events or conditions.

**OTHER DISCLOSURES**

**Indexes:** The following indexes: U.S.: KBW Nasdaq Bank Index (BKX), KBW Nasdaq Insurance Index (KIX), KBW Nasdaq Capital Markets Index (KSX), KBW Nasdaq Regional Banking Index (KRX), KBW Nasdaq Property & Casualty Index (KPX), KBW Nasdaq Financial Technology Index (KFTX), KBW Nasdaq Premium Yield Equity REIT Index (KYX); KBW Nasdaq Financial Sector Dividend Yield Index (KDX) and Global: KBW Nasdaq Global Bank Index (GBKX), are the property of KBWI and Nasdaq.

KBWI and Nasdaq do not guarantee the accuracy and/or completeness of the indexes, make no express or implied warranties with respect to the indexes and shall have no liability for any damages, claims, losses, or expenses caused by errors in the index calculation. KBWI and Nasdaq make no representation regarding the advisability of investing in options on the Index. **Past performance is not necessarily indicative of future results.**

**ETFs—Important Disclosures:** The shares (“Shares”) of ETFs are not sponsored, endorsed, sold, or promoted by KBWI. KBWI makes no representation or warranty, express or implied, to the owners of the Shares or any member of the public regarding the advisability of investing in securities generally or in the Shares particularly or the ability of its Indexes to track general stock market performance. The only relationship of KBWI to Invesco PowerShares Capital Management LLC is the licensing of certain trademarks and trade names of KBWI and its Indexes which are determined, composed, and calculated by KBWI without regard to Invesco PowerShares Capital Management LLC, the fund, or the Shares. KBWI has no obligation to take the needs of Invesco PowerShares Capital Management LLC or the owners of the shares into consideration in determining, composing, or calculating the Indexes. KBWI is not responsible for and has not participated in any determination or calculation made with respect to issuance or redemption of the Shares. KBWI has no obligation or liability in connection with the administration, marketing, or trading of the Shares.

**Compensation.** KBWI and Invesco PowerShares Capital Management LLC are parties to an index licensing agreement wherein KBWI licenses its Indexes to Invesco PowerShares Capital Management LLC and KBWI receives as compensation payments based on the amount of assets under management in the ETFs (which the licensed Indexes underlie) and which may be recommended in this report.

**ETF and Index Reports.** The author of index and related ETF reports is the Director of KBWI’s Research Department, who is also the head of the KBWI Index Committee. This Index Committee selects index components for the indexes upon which the recommended ETFs are based.

**ETF Risks.** There are risks involved with investing in ETFs, including possible loss of money. ETFs may not always trade or price as expected. Generally, security classifications used in calculating allocation tables are as of the last trading day of the previous month. ETFs trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETFs net asset value. Diversification does not ensure a profit and may not protect against loss in declining markets. Investors should refer to the individual ETF prospectus for a more detailed discussion of the specific risks and considerations for an individual ETF.

Investing in a single sector may be subject to more volatility than funds investing in a diverse group of sectors. Brokerage commissions and ETF expenses will reduce returns. In general, ETFs can be expected to move up or down in value with the value of the applicable index. Although ETFs may be bought and sold on the exchange through any brokerage account, ETFs are not individually redeemable from the Fund. Investors may

This report is intended for berminghamk@kbw.com. Unauthorized redistribution of this report is prohibited.



acquire ETFs and tender them for redemption through the Fund in Creation Unit Aggregations only, please see the prospectus (link below) for more details. Shares are not actively managed and are subject to risks including those regarding short selling and margin maintenance requirements. Past performance is not necessarily indicative of future results.

An investor should consider the Funds' investment objectives, risks, charges, and expenses carefully before investing. This and other information can be found in their prospectuses. For this and more complete information about the Funds, call InvescoPowerShares at 1-800-983-0903 or visit <https://www.powershares.com> for a prospectus. The prospectus should be read carefully before investing.

Shares of the ETFs funds are not guaranteed or insured by the FDIC or by another governmental agency; they are not obligations of the FDIC nor are they deposits or obligations of or guaranteed by KBWI or Invesco PowerShares Capital Management LLC. ETFs are distributed by Invesco Distributors, Inc. the distributor of the PowerShares Exchange-Traded Fund Trust II. PowerShares® is a registered trademark of Invesco PowerShares Capital Management LLC.

**General Risk Disclosure:** Investments in securities or financial instrument involve numerous risks which may include market risk, counterparty default risk, liquidity risk and exchange rate risk. No security or financial instrument is suitable for all investors, and some investors may be prohibited in certain states or other jurisdictions from purchasing securities mentioned in this communication. The securities of some issuers may not be subject to the audit and reporting standards, practices and requirements comparable to those companies located in the investor's local jurisdiction. Where net dividends to ADR investors are discussed, these are estimated, using withholding tax rate conventions, and deemed accurate, but recipients should always consult their tax advisor for exact dividend computations.

**COUNTRY-SPECIFIC AND JURISDICTIONAL DISCLOSURES**

**United States:** This report is being distributed in the U.S. by KBWI. Where the report has been prepared by a non-U.S. affiliate, KBWI accepts responsibility for its contents.

**U.K. and European Economic Area (EEA):** This report is issued and approved for distribution in the EEA by Stifel Nicolaus Europe Limited, also trading as Keefe, Bruyette & Woods Europe, which is regulated in the United Kingdom by the Financial Conduct Authority (FCA).

To access a table of all rating and price target changes in the preceding 12 months for stocks under KBW coverage, please click here: <https://kbw3.bluematrix.com/sellside/MAR.action>

**Canadian Distribution:** Research produced by KBW is distributed in Canada by KBW in reliance on the international dealer exemption. This material is intended for use only by professional or institutional investors. None of the investments or investment services mentioned or described herein is available to other persons or to anyone in Canada who is not a "permitted client" as defined under applicable Canadian securities law.

In jurisdictions where KBW is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction is carried out in accordance with applicable exemptions from registration and licensing requirements. Non-U.S. customers wishing to effect a transaction should contact a representative of the KBW entity in their regional jurisdiction except where governing law permits otherwise. U.S. customers wishing to effect a transaction should do so by contacting a representative of KBWI.

**ONLY DISTRIBUTE UNDER REGULATORY LICENSE**

This communication is only intended for and will only be distributed to persons residing in any jurisdictions where such distribution or availability would not be contrary to local law or regulation. This communication must not be acted upon or relied on by persons in any jurisdiction other than in accordance with local law or regulation and where such person is an investment professional with the requisite sophistication and resources to understand an investment in such securities of the type communicated and assume the risks associated therewith.

The securities discussed in this report may not be available for sale in all jurisdictions. Clients considering an investment in the securities discussed should speak with their sales representative prior to making an investment decision.

**CONFIDENTIAL INFO**

This communication is confidential and is intended solely for the addressee. It is not to be forwarded to any other person or copied without the permission of the sender. Please notify the sender in the event you have received this communication in error.

**NO SOLICITATION OR PERSONAL ADVICE**

This communication is provided for information purposes only. It is not a personal recommendation or an offer to sell or a solicitation to buy the securities mentioned. Investors should obtain independent professional advice before making an investment.

**ASSUMPTIONS, EFFECTIVE DATE, AND UPDATES**

Certain assumptions may have been made in connection with the analysis presented herein, so changes to assumptions may have a material impact on the conclusions or statements made in this communication. Facts and views presented in this communication have not been reviewed by, and may not reflect information known to, professionals in other business areas of KBW, including investment banking personnel.

The information relating to any company herein is derived from publicly available sources and KBW makes no representation as to the accuracy or completeness of such information. Neither KBW nor any of its officers or employees accept any liability whatsoever for any direct, indirect, or consequential damages or losses arising from any use of this report or its content.

This communication has been prepared as of the date of the report.

KBW does not undertake to advise clients of any changes in information, estimates, price targets, or ratings, all of which are subject to change without notice. The recipients should assume that KBW will not update any fact, circumstance, or opinion contained in this report.

**COPYRIGHT**

This report is intended for berminghamk@kbw.com. Unauthorized redistribution of this report is prohibited.



This report is produced for the use of KBW customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of KBW.

This report is intended for berminghamk@kbw.com. Unauthorized redistribution of this report is prohibited.