NASDAQ US Dividend Achievers™ 50 Index Methodology

Index Description

The NASDAQ US Dividend Achievers 50 Index is comprised of the top 50 securities by modified dividend yield from the NASDAQ US Broad Dividend Achievers™ Index (DAA).

Index Calculation

The NASDAQ US Dividend Achievers 50 Index is a dividend yield weighted index. The value of the Index equals the aggregate value of the Index share weights, also known as the Index Shares, of each of the Index Securities multiplied by each such security's Last Sale Price[1], and divided by the divisor of the Index. The divisor serves the purpose of scaling such aggregate value to a lower order of magnitude which is more desirable for Index reporting purposes. The Index began on November 5, 2005 at a base value of 1256.12.

The formula for index value is as follows:

Aggregate Adjusted Market Value/Divisor

The formula for the divisor is as follows:

(Market Value after Adjustments/Market Value before Adjustments) X Divisor before Adjustments

Two version of the Index are calculated – a price return index and a total return index.
- The price return index (Nasdaq: DAY) is ordinarily calculated without regard to cash dividends on Index Securities.
- The total return index (Nasdaq: DAYTR) reinvests cash dividends on the ex-date.

All Indexes reflect extraordinary cash distributions.

The Indexes are calculated and disseminated once per second from 9:30:01 to 17:16:00 Eastern Time (ET) in USD. The closing value of the Indexes may change up until 17:15:00 ET due to corrections to the Last Sale Price of the Index Securities.

Eligibility

Index eligibility is limited to specific security types only. The security types eligible for the Index include common stocks.

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1 For purposes of this document, Last Sale Price refers to the last regular way trade reported on such security's Index Market. The Index Market is the listing market for which prices are received and used by Nasdaq in the Index calculation and generally will represent the most liquid trading market of the Index Security. If a security does not trade on its Index Market on a given day or the Index Market has not opened for trading, the most recent last sale price from the Index Market (adjusted for corporate actions, if any) is used. For securities where Nasdaq is the Index Market, the Last Sale Price may be the Nasdaq Official Closing Price (NOCP) when Nasdaq is closed.

Eligibility Criteria

To be eligible for inclusion in the Index a security must meet the following criteria:

- be included in the NASDAQ US Broad Dividend Achievers Index (DAA);
- have a minimum market capitalization of $1 billion; and
- not be a security issued by a REIT or limited partnership.

Index Evaluation

The Index Securities are evaluated annually in March. The above Eligibility Criteria are applied using market data through the end of December. The securities are ranked descending based on their trailing 12 months dividend yield as of the last trading day in February. The top 50 securities are included in the Index, as long as no sector has no more than 12 securities. In the event there are more than 12 eligible securities in a single sector, the top 12 securities by dividend yield are included. Security additions and deletions are made effective after the close of trading on the third Friday in March.

Additionally, if at any time during the year other than the Evaluation, an Index Security no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index, the security is removed from the Index and is replaced. It will be replaced with the security that meets the Eligibility Criteria with the highest current dividend yield as of the last quarterly rebalance that is not currently in the Index. The replacement security is added to the Index at the same weight as the security that was removed. At each month-end, if an Index Security suspends or decreases its dividend payments greater than or equal to 50% based on the prior ex-date of the last dividend distributed, then the Index Security will be removed from the Index after the close of trading on the third Friday of the following month. In all cases, a security is removed from the Index at its Last Sale Price. If, however, at the time of its removal the Index Security is halted from trading on its primary listing market and an official closing price cannot readily be determined, the Index Security may, in Nasdaq's discretion, be removed at a zero price. The zero price will be applied to the Index Security after the close of the market but prior to the time the official closing value of the Index is disseminated, which is ordinarily 17:16:00 ET.

Index Maintenance

Index Share changes are not made during the quarter however changes arising from stock dividends and stock splits are made to the Index on the evening prior to the effective date of such corporate action. In the case of certain spin-offs or rights issuances, the price of the Index Security is adjusted.

A special cash dividend announced by the listing exchange, will result in an adjustment to the Last Sale Price of an Index Security prior to market open on the ex-date for the special amount distributed. A special dividend may also be referred to as extra, extraordinary, non-recurring, one-time, unusual, etc.

Ordinarily, whenever there is a change in an Index Security or a change to the price of an Index Security due to spin-offs, rights issuances or special cash dividends as mentioned above, the divisor is adjusted to ensure that there is no discontinuity in the value of the Index which might otherwise be caused by any such change. All changes are announced in advance and are reflected in the Index prior to market open on the Index effective date.

Index Rebalancing

The Index employs a modified dividend yield weighted methodology. At each quarter, the Index is rebalanced based on the trailing 12 months dividend yield of each security as compared to the dividend yield of all Index Securities as of the last trading day in February, May, August and November.

Under the methodology:
1. no sector can have more than twelve (12) securities;
2. no sector can have a weight of more than 25% in the Index;
3. no single stock can have a weight of more than 4% in the Index

The first step is to limit the number of securities by sector to twelve (12) based on the largest dividend yield. Then, the Index is rebalanced such that the maximum weight of any sector does not exceed 25% of the Index. The excess weight of any capped sector is distributed proportionally across the securities in the remaining sectors. If after redistribution, another sector's weight is greater than 25%, the process is repeated until no sector's weight is greater than 25%. Simultaneously, the securities are reviewed to ensure that no single security is greater than 4%. If a security is greater than 4%, it is capped at 4% and the excess weight is distributed proportionally across the remaining Index Securities. The process is repeated, if necessary, to derive the final weights. The changes are effective after the close of trading on the third Friday in March, June, September and December.

Nasdaq may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity.

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