Nasdaq Select Canadian Dividend Index

Accessing Canadian Dividend-Paying Equities with High Yield and Strong Performance

Background

Over the long run, companies that pay regular dividends tend to be in better financial health and produce sustained earnings and revenue growth. In an environment of slow economic growth, these companies are increasingly gaining popularity. The Nasdaq Select Canadian Index (NQCADIV) is designed to provide exposure to Canadian companies that exhibit a history of increasing dividend payments.

Index Methodology

The Nasdaq Select Canadian Dividend Index is a portfolio of Toronto Stock Exchange listed securities with at least five consecutive years of the same or increasing annual regular dividend payments. To be eligible for inclusion, a security must meet the following criteria:

• Be a member of the Nasdaq Canada Index (NQCA) except for limited partnerships;

• Have a minimum three-month average daily dollar trading volume of CAD$1 million;

• Have at least five consecutive years of the same or increasing annual regular dividends based on ex-date

• The security must actively pay a dividend. Among all the securities that qualify for these criteria, the 60 securities with the highest dividend yield as of the last trading day in December are selected. The index then narrows in on the top 45 securities with the highest market capitalization of the last trading day in December. The index is modified market capitalization weighted and re-evaluated annually, effective after the close of trading on the third Friday in March.

At each month-end, an ongoing review is conducted. If an Index Security suspends or decreases its dividend payments greater than 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.
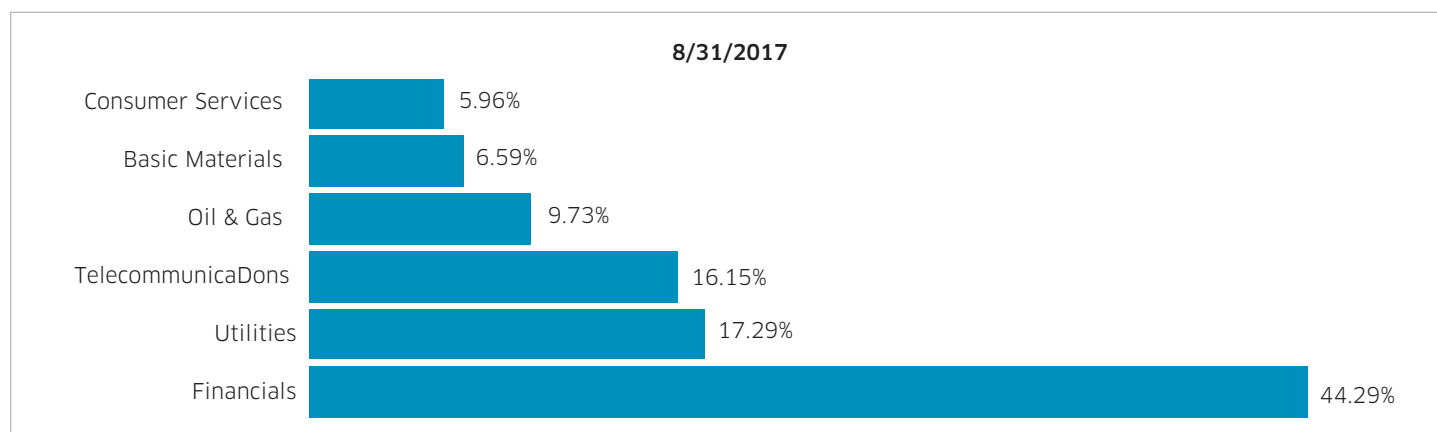
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Index Composition And Industry Breakdown

Due to the modified market capitalization weighted methodology, the index always maintains an appropriate level of diversification. The following table shows the top 10 holdings of the index at the end of August 2017.

| TICKER	COMPANY NAME	WEIGHTS	INDUSTRY
PWF	Power Fin Rg	8.62	Financials
CM	Cdn Imperial Ban Rg	8.20	Financials
T	Telus Rg	8.13	Telecommunications
BCE	BCE Rg	8.02	Telecommunications
PPL	Pembina Pipeline Rg	5.79	Utilities
POW	Power Corp Cda Sv	4.37	Financials
BIP.UN	Brookfield Infr	4.16	Basic Materials
SJR.B	Shaw Comm Nv-B	3.99	Consumer Services
EMA	Emera Rg	3.78	Utilities
IGM	IGM Financial Rg	3.67	Financials

The graphic below shows the breakdown of index weight into the ICB Industries. As of the end of August 2017, the index consisted of a range of securities across six industries. Financials and Utilities are two of the largest industries in the index, with Financials contributing 44.29% to the total index weight and Utilities 17.29%. Telecommunications has the third largest weight at 16.15%.

8/31/2017

Industry	Weight
Consumer Services	5.96%
Basic Materials	6.59%
Oil & Gas	9.73%
TelecommunicaDons	16.15%
Utilities	17.29%
Financials	44.29%

Performance: August 31, 2009 – August 31, 2017

Over the allotted time period studied, the Nasdaq Select Canadian Dividend Total Return Index (NQCADIVT) significantly outperformed its benchmark, the Nasdaq Canada CAD TR Index (NQCACADT). NQCADIVT achieved a 120% cumulative and 10% annualized return over the time period studied. The benchmark NQCACADT achieved a 78% cumulative return which amounts to 7% on an annualized basis.

	NQCADIVT	NQCACADT
Cumulative Return	120%	78%
Annual Return	10%	7%

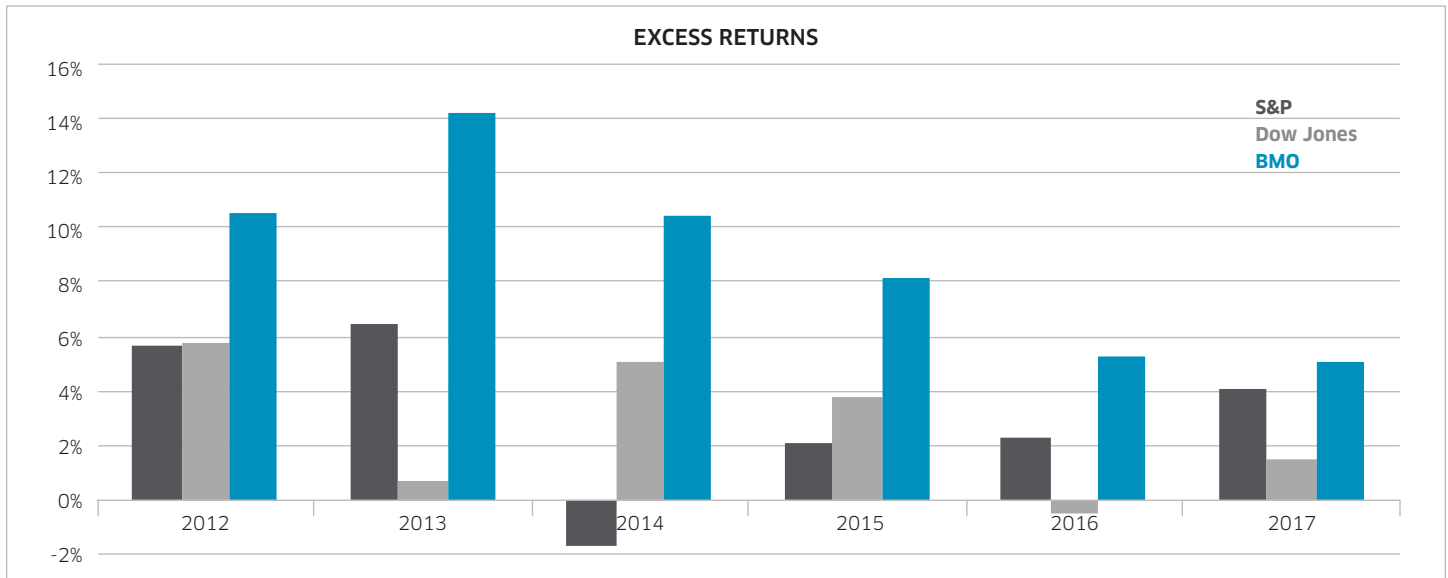**NASDAQ SELECT CANADIAN DIVIDEND TOTAL RETURN INDEX**   NASDAQ CANADA CAD TR INDEX
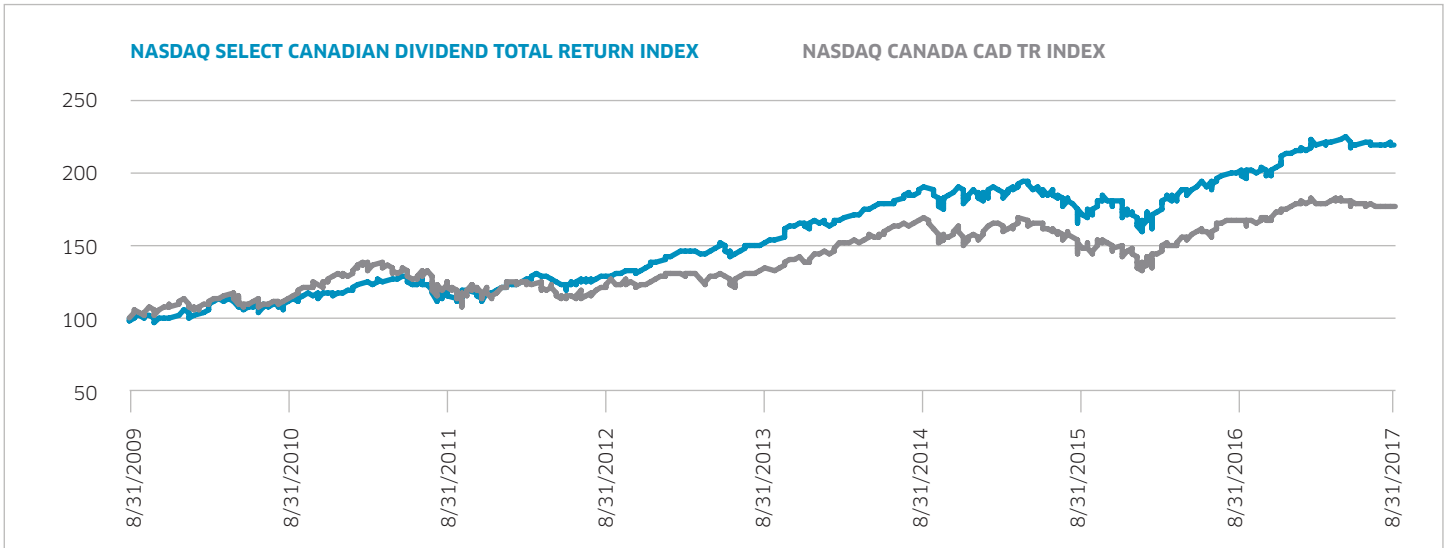
PERFORMANCE: December 30, 2011 – August 31, 2017

Additionally, the Nasdaq Select Canadian Dividend Total Return Index (NQCADIVT) has consistently outperformed indexes of similar strategies, including the Dow Jones Canada Select Dividend Total Return Index (DJCASDT), the S&P/TSX Canadian Dividend Aristocrats Total Return Index (SPTXDVT) and the BMO Canadian Dividend ETF (ZDV CN). The below table summarizes performance for all four indexes between December 30, 2011 – August 31, 2017.

	NQCADIVT	DJCASDT	SPTXDVT	ZDV CN
Cumulative Return	83%	56%	54%	10%
Annual Return	11%	8%	8%	2%
Annual Volatility	10%	10%	10%	11%

NASDAQ SELECT CANADIAN DIVIDEND TOTAL RETURN INDEX   **S&P TSX CANADIAN DIVIDEND INDEX TOTAL RETURN INDEX**
DOW JONES CANADIAN SELECTED DIVIDEND TOTAL RETURN INDEX   **BMO CANADIAN DIVIDEND ETF**
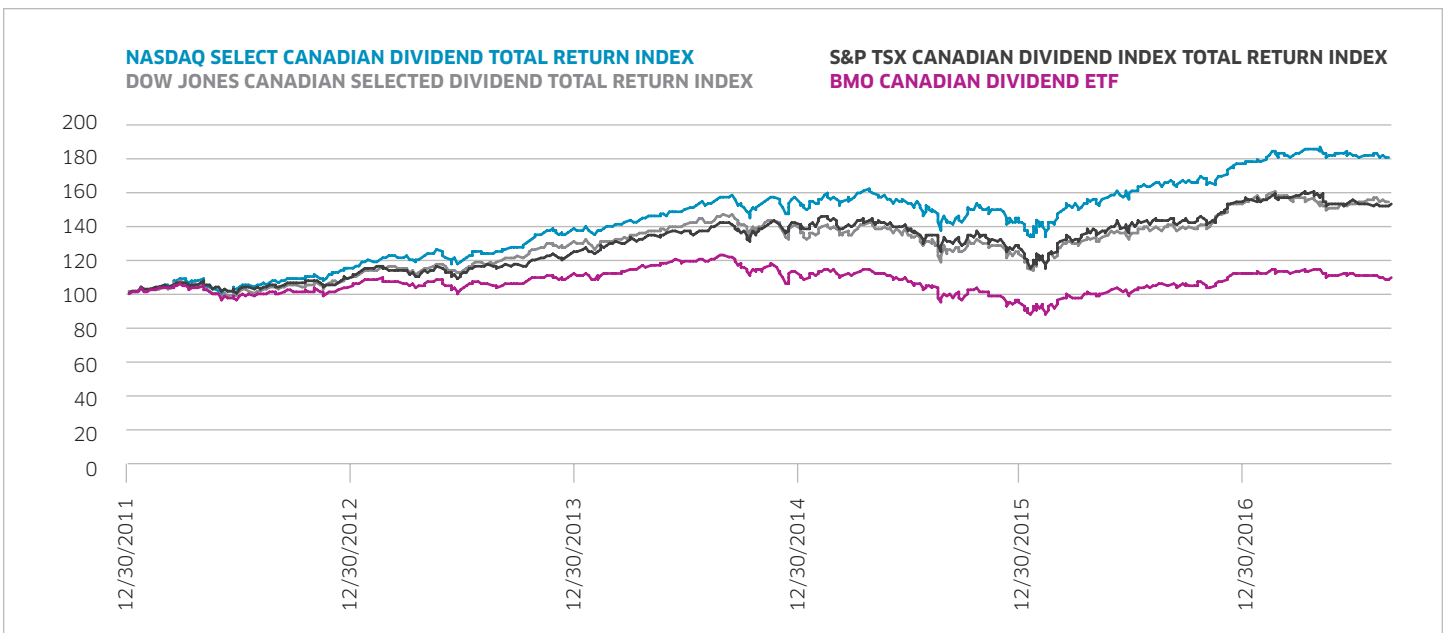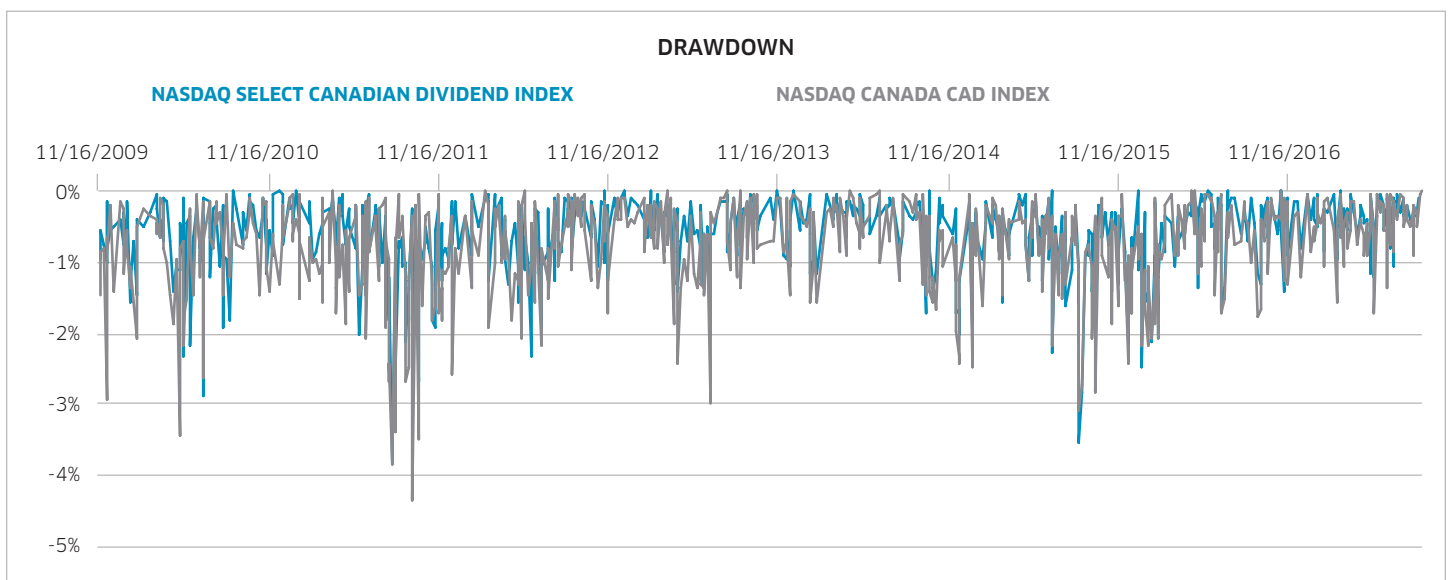
On an annual basis (since 2012), the Nasdaq Select Canadian Dividend Return Index has outperformed all three comparable strategies we've listed below in every period other than one for S&P and Dow and every year for the BMO ETF. Thus far into 2017, the Nasdaq Select Canadian Dividend Total Return Index is outperforming all of the competing benchmarks included in this study.

EXCESS RETURNS

S&P
Dow Jones
BMO

Drawdown

Apart from solid appreciation throughout varying market cycles, one of the biggest strengths of the Nasdaq Select Canadian Dividend Index is its ability to remain resilient in down markets. Since its inception, the index has exhibited less dramatic drawdowns compared to the benchmark. As the dividend yield can be considered an additional buffer for market drawdowns, to show the strength of the index in its purest form, the drawdown analysis shown here includes the price return version of the indexes. Since 2009, the index has displayed lower daily drawdown than the benchmark over 62% of the time.

DRAWDOWN

NASDAQ SELECT CANADIAN DIVIDEND INDEX   NASDAQ CANADA CAD INDEX

Volatility

In addition to having higher cumulative and annual returns since 2012, the NASDAQ Select Canadian Dividend Return Index also has consistently displayed volatility of the same level as its competitors, or lower.

ANNUAL VOLATILITY

NASDAQ   S&P   DOW JONES   BMO
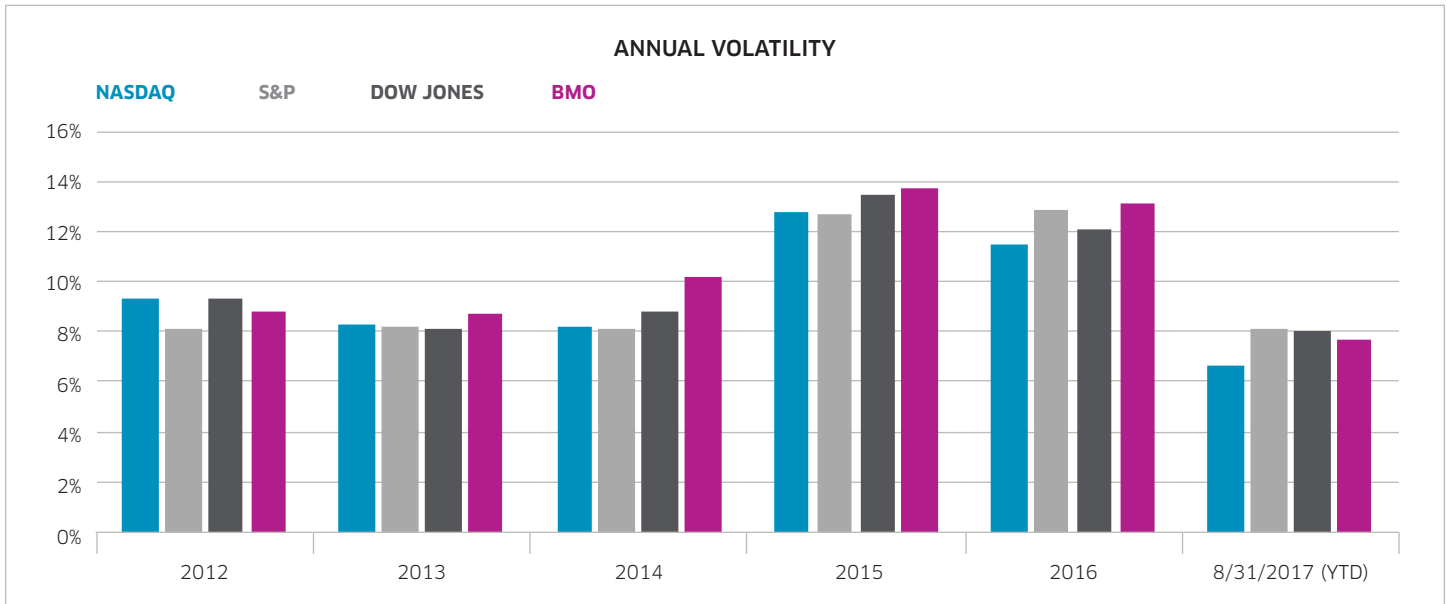
Dividend Yield

Selected based on continuous dividend increases, the Nasdaq Select Canadian Dividend Index has exhibited a steady dividend yield. The chart below displays the index's dividend yield compared to its benchmark since inception. The index has shown a consistent dividend yield ranging from 4% to 5%, higher by 1.5% to 2% than the benchmark at any point historically.

NASDAQ CANADA CAD INDEX   **NASDAQ SELECT CANADIAN DIVIDEND INDEX**
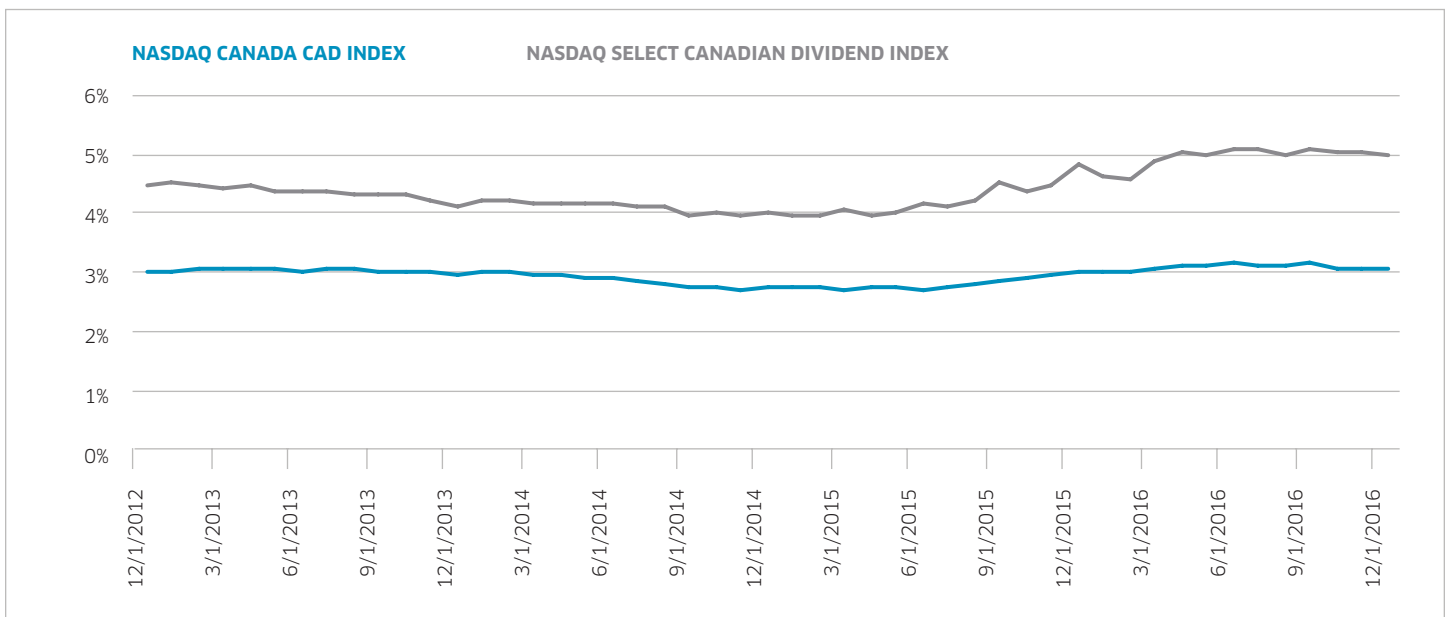
Moreover, the Index has exhibited higher yield than its peers over the past 7 years. It has had a higher yield than the S&P/ TSX Canadian Dividend Aristocrats TR Index from 2011 to 2017 (while it was equal with the S&P in 2016, the 1-year yield through 8/31/2017 it is up 0.1%). In addition, it has also outperformed the BMO Canadian Dividend ETF, an active ETF strategy, from a yield perspective in all years except for one in the last eight.

YEAR	NASDAQ	S&P	DJ	BMO
2010	4.7%	5.6%	4.8%	N/A
2011	4.3%	3.8%	4.6%	4.3%
2012	5.0%	4.6%	5.3%	4.5%
2013	4.8%	4.7%	5.7%	4.7%
2014	4.4%	4.3%	4.7%	4.2%
2015	4.4%	3.8%	4.3%	4.9%
2016	5.6%	5.6%	5.2%	4.2%
2017 (1-Year as of 8/31/17)	4.8%	4.7%	4.3%	4.5%

More Information

For more information on the Nasdaq Select Canadian Index (NQCADIV), please visit business.nasdaq.com/indexes.

SUMMARY

The Nasdaq Select Canadian Dividend Index was built to be a cohesive basket of dividend paying stocks representing the Canadian marketplace with a track record. The index has consistently outperformed its competitors on a cumulative basis in the marketplace over the last 8 years along with a very stable yield of 4-5% and either the lowest or close to the lowest volatility against its peers. Coupled that the index maintains an important ongoing review to ensure it only includes companies that continue to sustain dividend payers, this index is one that was built for the long haul.

The ETF tied to the Nasdaq Select Canadian Dividend Index is the PowerShares Canadian Dividend Index ETF (PDC).