

Nasdaq Global Income Leaders Index Methodology

Index Description

The Nasdaq Global Income Leaders Index is designed to provide exposure to 100 high-yielding large-mid cap companies within Developed Markets outside of Australia.

Index Calculation

The Nasdaq Global Income Leaders Index employs a modified dividend yield weighting methodology. 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 Price¹, and divided by the divisor of the Index. The divisor serves the purpose of scaling such aggregate index value to a lower order of magnitude which is more desirable for reporting purposes. The Index began on April 9, 2018, with a base value of 1,000.00.

The formula for Index Value is as follows:

$$\text{Aggregate Adjusted Market Value/Divisor}$$

The formula for the divisor is as follows:

$$\frac{(\text{Market Value after Adjustments/Market Value before Adjustments}) \times \text{Divisor before Adjustments}}{\text{Adjustments}}$$

Six versions of the Index are calculated:

- The price return Index in USD (Nasdaq: NQGILI) is ordinarily calculated without regard to cash dividends on Index Securities.
- The total return Index in USD (Nasdaq: NQGILIT) reinvests cash dividends on the ex-date.
- The net total return Index in USD (Nasdaq: NQGILIN) reinvests cash dividends on the ex-date based on the securities incorporation withholding tax rate.
- The price return Index in AUD (Nasdaq: NQGILIAUD) is ordinarily calculated without regard to cash dividends on Index Securities.
- The total return Index in AUD (Nasdaq: NQGILIAUDT) reinvests cash dividends on the ex-date.
- The net total return Index in AUD (Nasdaq: NQGILIAUDN) reinvests cash dividends on the ex-date based on the securities incorporation withholding tax rate.

All Indexes reflect extraordinary cash distributions.

¹For 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.

The Indexes are calculated during the trading day and are disseminated once per second. The Indexes are calculated five (5) days a week, Monday through Friday, starting by the earliest time zone Asia/Tokyo and close by the latest time zone America/New York.

Eligibility

Index eligibility is limited to specific security types only. The security types eligible for the Index include common stocks and ordinary shares. Security types not eligible for the Index include closed-end funds, exchange-traded funds (ETF), limited partnership interests, preferred stock, rights, shares of limited liabilities companies, warrants and other derivative securities.

Eligibility Criteria

To be included in the Index, a security must meet the following criteria:

- be a member of the Nasdaq Developed Markets Large Mid Cap Index (NQDMLMC);
- not be classified as Australia according to Nasdaq Global Index (NQGI) country classification;
- have a minimum worldwide market capitalization of \$1 billion for US components according to NQGI country classification and \$500 million for ex-US components according to NQGI country classification;
- have a minimum three month average daily dollar trading volume (ADDTV) of \$5 million for US components according to NQGI country classification and \$2.5 million for ex-US components according to NQGI country classification;
- have paid a regular dividend for each of the last three consecutive years;
- have positive total earnings over the trailing twelve month period;
- have a dividend payout ratio less than or equal to 80%;
- have one year realized volatility less than the:
 - Nasdaq US Benchmark Index (NQUSB) one year realized volatility + 15%, for US components according to NQGI country classification; and
 - Nasdaq Developed Markets ex-United States Index (NQDMXUS) one year realized volatility + 15%, for ex-US components according to NQGI country classification; and
- be the most liquid share class (determined by the security's three month ADDTV) if there are multiple share classes of the same issuer.

Index Evaluation

The Index is evaluated on a semi-annual basis in March and September using market data as of the end of January and July. After reviewing all securities that meet the criteria, they are then ranked by dividend yield. The Index includes the top 50 US securities (components of NQUSB) and the top 50 ex-US securities (components of NQDMXUS) by dividend yield. Security additions and deletions are made effective after the close of the third Friday in March and September.

Index Maintenance

Index share changes are not made other than during the semi-annual evaluation; 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; there is no adjustment to Index Shares.

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 as noted 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.

If at any time during the year other than the evaluation dates, an Index Security undergoes a fundamental alteration such as, but not limited to, its issuer filing for bankruptcy proceedings, switching its listing to an ineligible listing venue, or if it undergoes major corporate actions such as merger & acquisition (M&A) activity that would make the Index Security ineligible for inclusion in the Index, the security is removed from the Index and is not replaced.

Additionally, at each month-end, if an Index Security suspends its dividend payments 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 Rebalancing

The Index employs a modified dividend yield weighting methodology as follows:

The final 100 securities are first weighted by dividend yield.

Then, for each security classified as US according to NQGI country classification, the weight is adjusted so that the total weight of all securities classified as US according to NQGI country classification match the corresponding US weight within the Nasdaq Developed Markets Large Mid Cap Index (NQDMLMC).

Similarly, for each security classified as belonging to the European region according to NQGI country classification, the weight is adjusted so that the total weight of all securities classified as belonging to the European region according to NQGI country classification match the corresponding Europe weight within the Nasdaq Developed Markets Large Mid Cap Index (NQDMLMC).

The remaining security weights (i.e. non-US and non-European region securities) are adjusted to match the total aggregate weight within the Nasdaq Developed Markets Large Mid Cap Index (NQDMLMC) that is not represented by the US and European region according to NQGI country classification.

The Index weights are set at the semi-annual evaluations utilizing data as of the end of January and July, and are not reset during the year. Index Shares are calculated by dividing this value for each Index Security by the corresponding last sale price of the security at the close of the last trading day in February and August. The Index rebalance changes go effective after the close of trading on the third Friday in March and September.

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

March 2021