

A low-angle, night-time photograph of the Nasdaq building in New York City. The building's facade is illuminated with vibrant teal and blue lights. A large, glowing teal 'Nasdaq' logo is visible on a curved section of the building. Below it, a banner reads 'The #1 EXCHANGE for IPOs'. The sky is dark, and other city lights are visible in the background.

NASDAQ LADDERRITE[®] CORPORATE BOND INDEXES



NASDAQ LADDERRITE[®] CORPORATE BOND INDEXES

Each Nasdaq LadderRite[®] index provides:

- A highly diversified, prepackaged laddered bond portfolio
- A more consistent risk profile than other index-based strategies
- A lower turnover, more tax efficient portfolio with bonds held to maturity

NASDAQ LADDERRITE[®] USD BOND INDEXES

Nasdaq LadderRite [®] 0-3 Corporate Bond Index	Nasdaq LadderRite [®] 0-3 HY Corp. Bond Index
Nasdaq LadderRite [®] 0-4 Corporate Bond Index	Nasdaq LadderRite [®] 0-4 HY Corp. Bond Index
Nasdaq LadderRite [®] 0-5 Corporate Bond Index	Nasdaq LadderRite [®] 0-5 HY Corp. Bond Index
Nasdaq LadderRite [®] 0-7 Corporate Bond Index	Nasdaq LadderRite [®] 0-7 HY Corp. Bond Index
Nasdaq LadderRite [®] 0-10 Corporate Bond Index	Nasdaq LadderRite [®] 0-10 HY Corp. Bond Index

NASDAQ LADDERRITE® CORPORATE BOND INDEXES ARE BETTER BOND LADDERS

KEY FEATURES >

BENEFITS

LADDERED ALLOCATION >

Diversified exposure to yield curve improves investor experience.

BONDS HELD TO MATURITY >

Improves risk-adjusted performance through reduced portfolio turnover. Prevents index front running. Decreases taxable events inside the portfolio. Reduces permanent impairment to NAV during bond bear markets.

EQUAL WEIGHTED RUNGS >

Maintains consistent and predictable duration risk.

TOP REBALANCING PROCESS™ >

Reduces portfolio turnover and costs.

THE NASDAQ LADDERRITE® 0-5 YEAR USD CORPORATE BOND INDEX FILLS A SWEET SPOT

	ISHARES 1-3 YEAR CREDIT BOND ETF (CSJ)	NASDAQ LADDERRITE® 0-5 YEAR USD CORPORATE BOND INDEX	ISHARES INTERMEDIATE CREDIT BOND ETF (CIU)
AUM (\$B)	11.40	N/A	7.18
WEIGHTED YTM	1.45%	1.85%	2.11%
WEIGHTED AVERAGE LIFE (YEARS)	2	2.39	4.72
DURATION (YEARS)	1.94	2.21	4.25
NON-CORPORATE CREDITS	~19.86%	0.00%	~17.30%

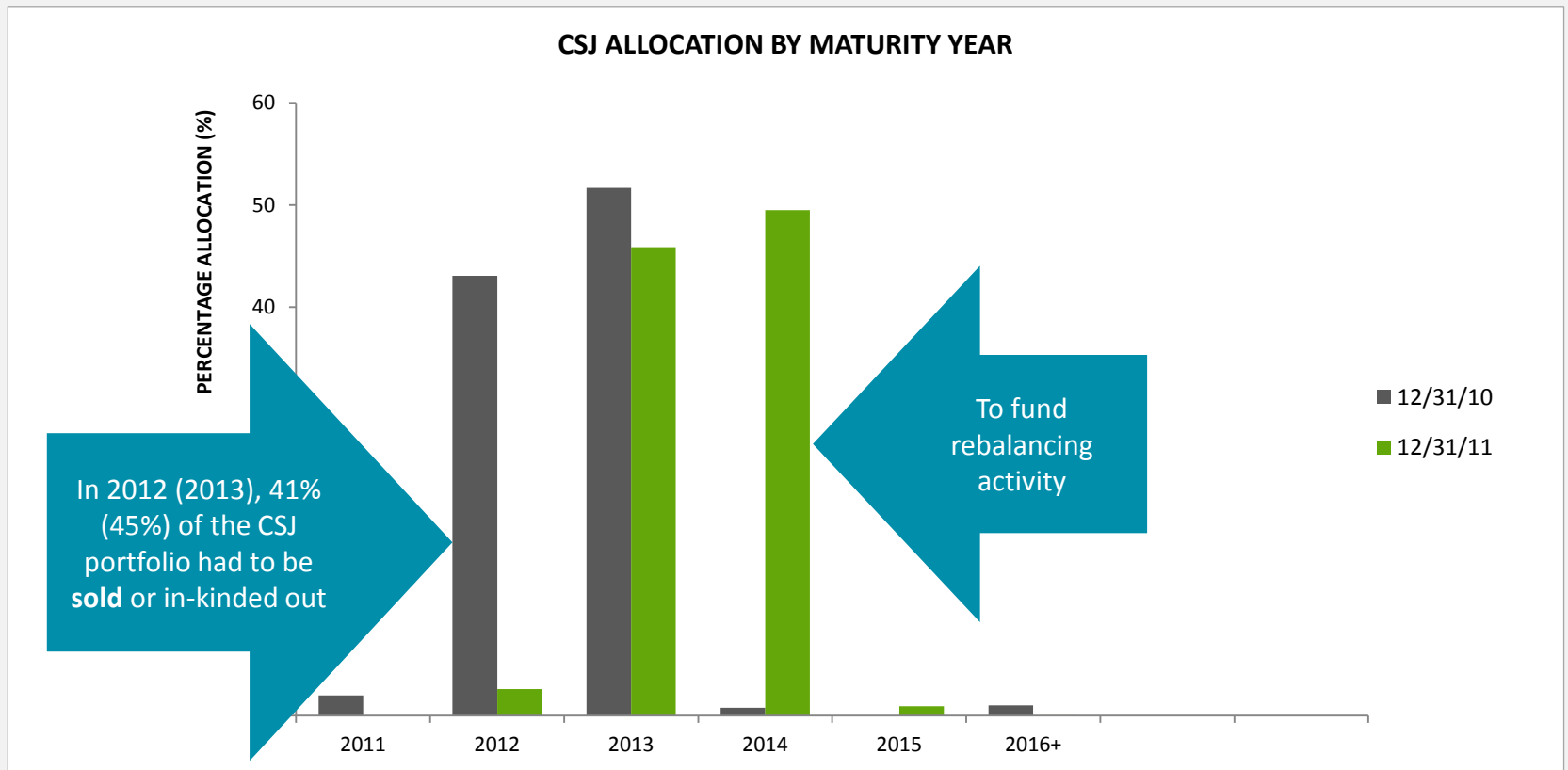
Data as of 9/23/2016. All ETF data is gross of fees.

WHY THE LADDER

- With the inevitability of rates increasing coupled with the continued need for fixed income exposure, a bond ladder provides the optimal method of maintaining exposure to fixed income assets while controlling for duration.
- During the increase of US Government rates in 2013, a Laddered Portfolio of 0-5 years outperformed on a risk-adjusted basis the shorter duration, traditional bond index of 1-3 years.
- Despite a slightly longer duration, a laddered investment strategy provides greater levels of risk-adjusted returns when rates increase.
- The Ladder methodology Nasdaq utilizes also maintains a near constant exposure to a duration target through the monthly rebalance process.

MINIMUM MATURITY RULES GENERATE NEEDLESS TRANSACTION COSTS

Nasdaq LadderRite® Indexes are designed to reduce transaction costs and taxable events by holding bonds to maturity.



Data as of 12/31/2011.

EXISTING INDEX BASED BOND FUNDS HAVE HIGH LEVELS OF COSTLY TURNOVER

Nasdaq LadderRite[®] seeks to hold bonds to maturity, reducing portfolio turnover and the costs associated with it for index-tracking funds.

SYMBOL	FIXED INCOME FUND NAME	FUND TURNOVER ¹
VFSTX	Vanguard Short Term Investment Grade	75%
VFICX	Vanguard Int. Term Investment Grade	70%
VWEHX	Vanguard Core Corporate	34%
VWESX	Vanguard Long-Term Investment Grade	35%
CRED	Barclays Credit Bond Fund	10%
CSJ	Barclays 1-3 year Credit Bond Fund	17%
CIU	Barclays Intermediate Credit Bond Fund	7%
LQD	iBoxx \$ Investment Grade Corporate Bond	9%
Average Turnover		~35%

¹ For all funds: Fund Turnover is the percentage of the portfolio that was changed or replaced over a one year time period. This one year is the fiscal year of the Fund. Fund Turnover is updated from annual reports. Data as of 9/28/2016.
Source: Bloomberg

A HELD-TO-MATURITY INDEXING APPROACH ADDS SIGNIFICANT VALUE

Research has demonstrated that a Nasdaq LadderRite® approach applied to a hypothetical LQD portfolio results in better realized Sharpe ratios and avoids permanent mark-to-market NAV loss.

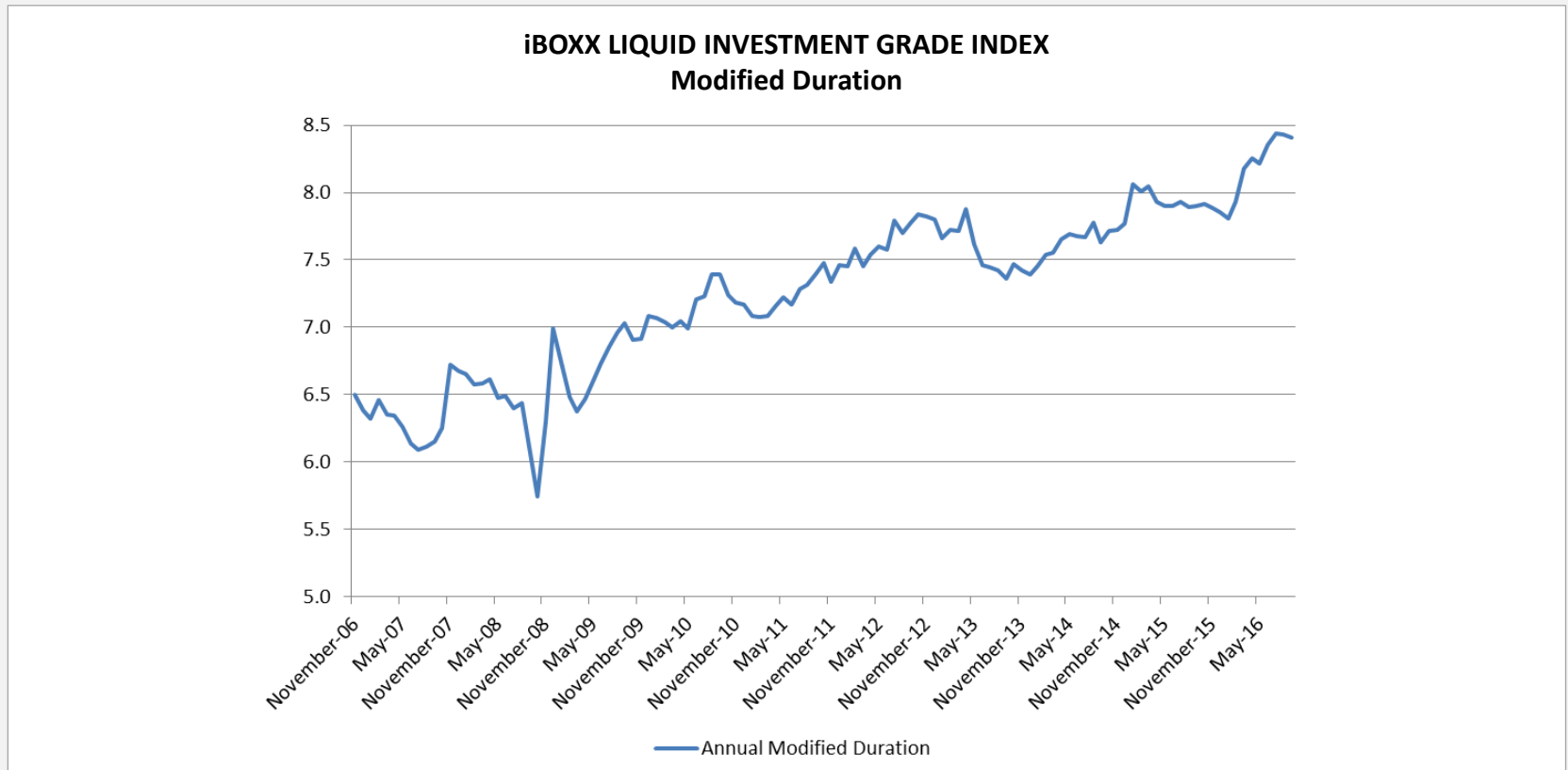
PORTFOLIO	EXTRA MONTHS ¹	MONTHLY RETURN	SHARPE RATIO
LQD	None	.5485%	0.1738
Hypothetical LQD	6	.5507%	0.1817
Hypothetical LQD	12	.5559%	0.1897
Hypothetical LQD	18	.5507%	0.1921
Hypothetical LQD	24	.5484%	0.1946
Hypothetical LQD	30	.5421%	0.1939
Hypothetical LQD	36	.5374%	0.1920

¹ Number of additional months bonds are held beyond LQD's 3-year minimum maturity cut-off. 36 months signifies that bonds are held to maturity.

Source: DeCosta, Darrin, Leng, Fei and Noronha, Gregory , Minimum Maturity Rules: The Cost of Selling Bonds Before Their Time (October 14, 2011). Available at SSRN: <http://ssrn.com/abstract=1944256>

TRADITIONAL INDEXES HAVE UNPREDICTABLE DURATIONS

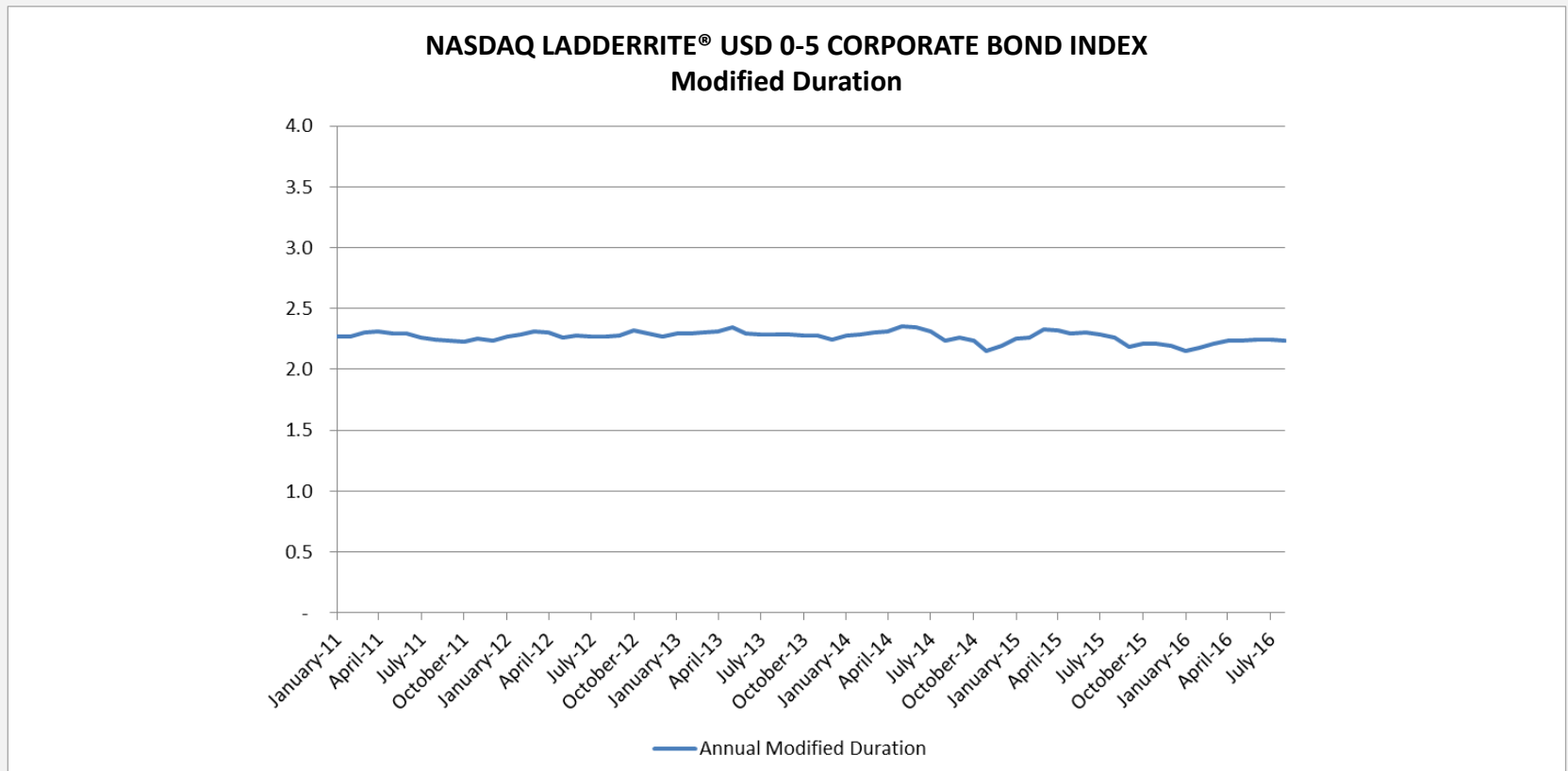
Nasdaq LadderRite® Indexes seek to avoid significant changes in duration by employing a laddering approach with equal-weighted maturity buckets.



Data from 11/30/2006 to 8/31/2016.

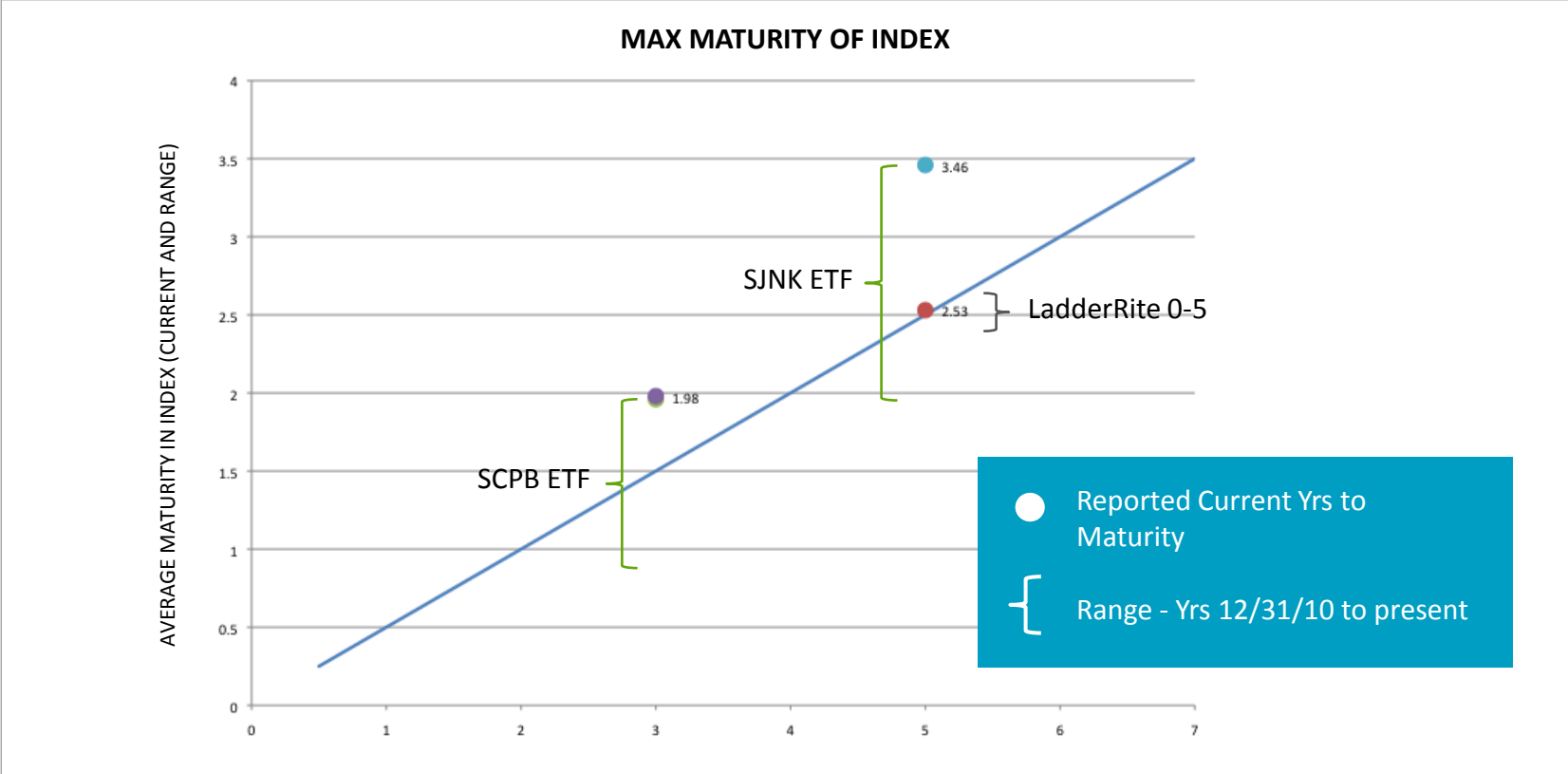
NASDAQ LADDERRITE® INDEXES HAVE A MORE CONSISTENT DURATION PROFILE

Nasdaq LadderRite® Indexes seek to avoid significant changes in duration by employing a laddering approach with equal-weighted maturity buckets.



Data from 1/31/2011 to 8/31/2016.

NASDAQ LADDERRITE® MATURITY IS TRULY AVERAGE AND MUCH MORE STABLE THAN OTHER ETFS



WHAT IS THE TOP INDEX REBALANCING PROCESS?

The TOP index rebalancing process is a proprietary index calculation protocol that seeks to minimize turnover of index constituents.

How less index constituent turnover will improve fixed-income ETF outcomes for sponsors and investors alike:

WHAT LESS TURNOVER MEANS

Fewer Trades

Less Transaction Costs

Product Differentiation

HOW SPONSORS & INVESTORS BENEFIT

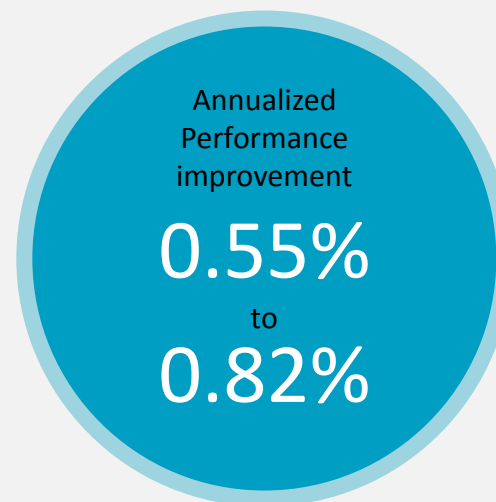
- Less burden on portfolio management team
- Improved risk-adjusted performance
- Less expected tracking error
- Evidence of thought leadership for sponsors
- Low turnover alternative for investors

PROPRIETARY AND CONFIDENTIAL

TOP REDUCES INDEX DRIVEN TRADING

	TRADITIONAL LADDERED INDEX	TOP INDEX	MONTHLY SAVINGS
Gross Turnover	20.6%	2.4%	18.2%
Anticipated Trading Costs ¹	.050% to .077%	.004% to .009%	.046-.068%

TOP IMPACT ON LADDERED STRATEGY



¹ Bid offer spread at .50% to .75%

INDEX BREAKDOWN

Nasdaq LadderRite[®] 0-5 USD Corporate Bond Index

CHARACTERISTICS	8/31/2016
WA Coupon	3.75
WA Price	103.23
Modified Duration	2.23
Effective Duration	2.21
Duration to Worst	2.21
WA Years to Maturity	2.39
YTM	1.95
YTW	1.93
Composite rating	A3

NASDAQ LADDERRITE® INDEX CHARACTERISTICS

Number of Issuers	514
Number of Bonds	1555

RATING	WEIGHT (%)
AAA	0.99
AA	12.43
A	45.06
BBB	38.76
BB	2.77

BICS SECTOR	WEIGHT (%)
Utilities	2.29
Technology	5.10
Industrial	7.08
Government	1.62
Financial	41.41
Energy	8.62
Consumer – Non Cyclical	15.54
Consumer Cyclical	6.79
Communications	8.89
Basic Materials	2.66

Data as of 9/21/2016.

NASDAQ LADDERRITE® INDEX PERFORMANCE

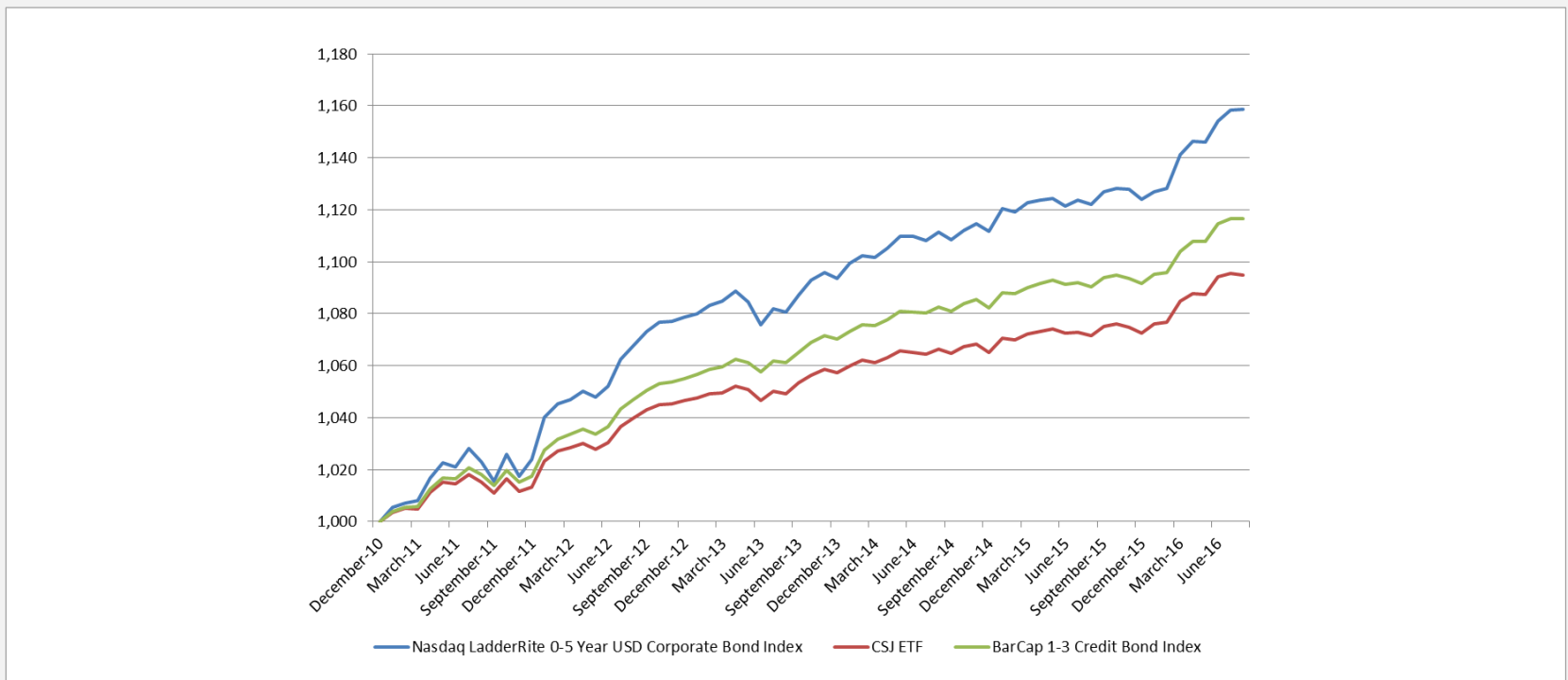
12/31/2010 TO 8/31/2016

NASDAQ LADDERRITE® USD 0-5 CORPORATE BOND INDEX

CSJ ETF

BARCAP 1-3 CREDIT BOND INDEX

Annualized Return	2.60%	1.59%	1.93%
Annualized Risk	1.51%	0.95%	0.96%



Data from 12/31/2010 to 8/31/2016.

PERFORMANCE COMPARISON

RETURNS	NASDAQ LADDERRITE® USD 0-5 CORPORATE BOND INDEX	CSJ (FUND NAV)	BARCAP 1-3 CREDIT BOND INDEX
2011	2.39%	1.33%	1.75%
2012	5.34%	3.28%	3.69%
2013	1.40%	1.03%	1.45%
2014	1.66%	0.74%	1.12%
2015	1.11%	0.70%	0.85%
2016	3.08%	2.07%	2.29%
VOLATILITY	NASDAQ LADDERRITE® USD 0-5 CORPORATE BOND INDEX	CSJ (FUND NAV)	BARCAP 1-3 CREDIT BOND INDEX
2011	2.17%	1.27%	1.30%
2012	1.61%	1.04%	1.01%
2013	1.46%	0.81%	0.79%
2014	0.94%	0.64%	0.68%
2015	1.39%	0.97%	0.96%
2016	1.17%	0.98%	0.89%

Data from 12/31/2010 to 8/31/2016.

PERFORMANCE COMPARISON (CONT.)

RETURN TO RISK	NASDAQ LADDERRITE® USD 0-5 CORPORATE BOND INDEX	CSJ (FUND NAV)	BARCAP 1-3 CREDIT BOND INDEX
2011	1.10	1.05	1.35
2012	3.31	3.15	3.65
2013	0.96	1.27	1.83
2014	1.77	1.14	1.65
2015	0.80	0.72	0.88
2016	2.64	2.11	2.56

Data from 12/31/2010 to 8/31/2016.

DISCLAIMER

Nasdaq[®] is a registered trademark of The NASDAQ OMX Group, Inc. Nothing contained herein should be construed as investment advice from Nasdaq, either on behalf of a particular financial product or an overall investment strategy. Nasdaq makes no recommendation to buy or sell any financial product or any representation about the financial condition of any company or fund. Investors should undertake their own due diligence and carefully evaluate financial products before investing. **ADVICE FROM A SECURITIES PROFESSIONAL IS STRONGLY ADVISED.**

All index data prior to July 7, 2014, is back-tested data and indicative only. NASDAQ OMX provides either actual historical index values or back-tested histories for certain indexes. All back-tested index values for periods prior to the launch date of an index are merely indicative, and they are provided "AS IS" for informational and educational purposes only. NASDAQ OMX makes no guarantee as to the accuracy, timeliness, completeness, or fitness for any particular purpose of or for any index values, either historical or back-tested. Nothing contained herein should be construed as investment advice, either on behalf of a particular security or an overall investment strategy. Past performance is not indicative of future results.