

NASDAQ Broad Canadian Dividend Achievers™ Index Methodology

Index Description

The NASDAQ Broad Canadian Dividend Achievers Index is comprised of Canadian securities with at least five consecutive years of increasing annual regular dividend payments.

Index Calculation

The NASDAQ Broad Canadian Dividend Achievers Index is a market capitalization 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 Price¹, 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 December 22, 2005 at a base value of 1000.00.

The formula for index value is as follows:

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

The formula for the divisor is as follows:

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

Two version of the Index are calculated – a price return index and a total return index.

- The price return index (NASDAQ: DACA) is ordinarily calculated without regard to cash dividends on Index Securities.
- The total return index (NASDAQ: DACATR) 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 CAD. The closing value of the Index(es) 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 and shares or units of beneficial interest.

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 OMX 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 listed on the Toronto Stock Exchange
- be a member of the NASDAQ Canada Index (NQCA)
- have a minimum three-month average daily dollar trading volume of CAD\$1 million;
- have at least five consecutive years of increasing regular cash dividends based on ex-date;
- one security per issuer is permitted. If an issuer has multiple securities, the security with the highest three-month average daily dollar volume will be selected for possible inclusion into the Index;
- may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible; and
- may not be issued by an issuer currently in bankruptcy proceedings.

Index Evaluation

The Index Securities are evaluated annually in March. The above Eligibility Criteria are applied using market data through the end of December. Securities meeting the criteria are included in the Index. Security additions and deletions are made effective after the close of trading on the third Friday in March.

Index Maintenance

Changes in the price and/or Index Shares driven by corporate events such as stock dividends, stock splits and certain spin-offs and rights issuances are adjusted on the ex-date. If the change in total shares outstanding arising from other corporate actions is greater than or equal to 10.0%, the change is made as soon as practicable. Otherwise, if the change in total shares outstanding is less than 10.0%, then all such changes are accumulated and made effective at one time on a quarterly basis after the close of trading on the third Friday in March, June, September and December, respectively. Intraquarter, the Index Shares are adjusted by the same percentage amount by which the total shares outstanding have changed.

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.

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 Rebalancing

The Index employs a market capitalization weighted methodology. At each quarter, the Index is rebalanced based on the market capitalization of all Index Securities, calculated using the Last Sale Price and total shares outstanding of the security at the close of trading on the last trading day in February, May, August and November. 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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