

Nasdaq International Dividend Achievers™ Select Index Methodology

Index Description

The Nasdaq International Dividend Achievers Select Index is comprised of a select group of international securities with at least seven consecutive years of increasing annual regular dividend payments.

Index Calculation

The Nasdaq International Dividend Achievers Select Index is a modified 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 September 21, 2015 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:

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

Three versions of the Index are calculated – a price return index, a total return index and a net total return index.

- The price return index (Nasdaq: DVGI) is ordinarily calculated without regard to cash dividends on Index Securities.
- The total return index (Nasdaq: DVGITR) reinvests cash dividends on the ex-date.
- The net total return index (Nasdaq: DVGINTR) reinvests cash dividends on the ex-date and adjusts for an Index Security's country of incorporation withholding rate.

All Indexes reflect extraordinary cash distributions.

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 in USD.

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

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

Eligibility Criteria

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

- be included in the NASDAQ Global Ex-US Index (NQGXUS) excluding REITs;
- have a minimum three-month average daily dollar trading volume of \$500 thousand;
- one security per issuer is permitted;
- the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible;
- the issuer of the security may not be issued by an issuer currently in bankruptcy proceedings;
- if a security's foreign ownership restriction limitations have been met, the security may be replaced with a depositary receipt or another listing, if one is available; and
- additional proprietary eligibility are applied.

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.

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 not replaced. 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

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. The Index Shares are adjusted by the same percentage amount by which the total shares outstanding have changed. In the case of certain spin-offs or rights issuances, the price of the Index Security is adjusted and a corresponding modification to the Index Divisor will occur in order to ensure Index continuity. However, for a spin-off event, if there is no when-issued trading available for the spin-co security, the spin-co security may be added to the index at a zero value. In this case, the spin-co security will be removed from the Index after two full days of trading.

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 Index Shares, 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 with the exception of Index Evaluation 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 market capitalization weighting methodology. At the rebalancing, the Index is rebalanced such that the maximum weight of any Index Security does not exceed 4%. The excess weight of any capped security is distributed proportionally across the remaining Index Securities.

The modified market capitalization weighting methodology is applied to the capitalization of each Index Security as of the last trading day in February. Index Shares are then calculated multiplying the weight of the security derived above by the new market value of the Index and dividing the modified market capitalization for each Index Security by its corresponding Last Sale Price. The changes are effective after the close of trading on the third Friday in March.

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