

NASDAQ US Rising Dividend Achievers™ Index Methodology

Index Description

The NASDAQ US Rising Dividend Achievers Index is comprised of securities determined by NASDAQ to have increased their dividend value over the previous three year and five year annual periods, while being best positioned to continue the dividend increases.

Index Calculation

The NASDAQ US Rising Dividend Achievers Index is an equal-dollar 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 October 21, 2013 with 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 Index (NASDAQ: NQDVRIS) is ordinarily calculated without regard to cash dividends on Index Securities.
- The total return Index (NASDAQ: NQDVRIST) 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 USD. The closing value of the Indexes 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 type eligible for the Index include common stocks.

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 Criteria

To be eligible for inclusion in the NASDAQ US Rising Dividend Achievers Index, a security must meet the following criteria:

- be a member of the NASDAQ US Benchmark Index (NQUSB);
 - not be classified as a Real Estate Investment Trust (ICB: 8670) by the Industry Classification Benchmark (ICB)
- ranked in the top 1000 by market capitalization;
- have a minimum three-month average daily dollar trading volume of \$5 million;
- have paid a dividend in the trailing twelve-month period greater than the dividend paid in the trailing twelve-month period three and five years prior;
- have positive earnings per share in the most recent fiscal year greater than the earnings per share three fiscal years prior;
- have a cash to debt ratio greater than 50%;
- have a trailing twelve-month period payout ratio no greater than 65%; and
- one security per issuer is permitted².

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 eligible for inclusion will be ranked descending by dollar dividend increase over the previous five year period and the current dividend yield and ascending by the payout ratio. The resulting ranks will be aggregated into a single score and the 50 securities with the lowest aggregated rank are selected for the Index inclusion. In the event there are multiple securities with the same combined ranking in the 50th position, the security with the highest yield will be selected for Index inclusion. Security additions and deletions are made effective after the close of 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 replaced at the next Quarterly Rebalance. The Index Security will be replaced with the next eligible security based on the replacement pool of securities data from the prior Annual Evaluation. 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

Index Share changes are not made during the quarter 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

² If an issuer has multiple securities, the security with the highest dollar trading volume will be selected for possible inclusion into the Index.

Index Security is adjusted and a corresponding adjustment is made to the Index Shares such that the weight of the Index Security does not change as a result of the action.

A special cash dividend announced by the listing exchange, will result in an adjustment to the Last Sale Price for the special amount distributed and a corresponding adjustment to the Index Shares of an Index Security prior to market open on the ex-date such that the weight of the Index Security will not change as a result of the action. A special dividend may also be referred to as extra, extraordinary, non-recurring, one-time, unusual, etc.

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.

Index Rebalancing

The Index employs an equal-dollar weighted methodology.

After the top 50 securities are selected, a review is enacted to determine if any ICB Industry has a cumulative weight greater than 30%. If an Industry has a weight greater than 30% the lowest ranking component within the Industry will be removed and replaced with the next eligible security (e.g. the 51st ranked in the evaluation) from a different Industry. This process is repeated until no Industry has a weight greater than 30%.

After the final list of 50 securities is selected, each security's Index market value is rebalanced quarterly to an equal-dollar value corresponding to an equal percent weight of the Index's aggregate market value. Indexes Shares are calculated by dividing this equal-dollar value for each Index Security by the corresponding last sale price of the security at the close of trading on the third Friday in March, June, September and December. The changes are made effective after the close of trading on the same date.

If at any time an Index Security is removed from the Index, it will be replaced at the next Quarterly Rebalance with the next eligible security based on the ranking determined at the previous Evaluation. The security being added to the Index cannot be a member of the ICB Industry which was previously capped unless this security does not push the capped industry to a cumulative weight greater than 30% (e.g., if the removed security was from a capped sector and the next eligible security is from the capped sector, it will get added back in).

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

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