



## INDEX METHODOLOGY

# NASDAQ US SMALL MID CAP RISING DIVIDEND ACHIEVERS™ INDEX

**NQDVSMR™**

## INDEX DESCRIPTION

The Nasdaq US Small Mid Cap Rising Dividend Achievers Index is designed to measure the performance of a selection of securities that have increased their dividend value over the previous three year and five year annual periods. The Index is comprised of four Sub-Portfolios.

## SECURITY ELIGIBILITY CRITERIA

The Security Eligibility Criteria specified herein are evaluated within each Sub-Portfolio to determine which securities qualify for Index inclusion. These criteria are applied based on the Reconstitution reference date specified in the Index Calendar.

### Parent index

A security must be included in the Nasdaq US Mid Cap™ Index (NQUSM™) or Nasdaq US Small Cap™ Index (NQUSS™) as of the Reconstitution reference date. Except as noted below, the Index follows the same Security Eligibility Criteria as the Parent Indexes. Please refer to their methodologies for further information.

### Security types

Eligible security types generally include common stocks.

### Multiple securities per issuer

One security per company is permitted for each Sub-Portfolio. If a company has multiple securities, the security with the highest three-month average daily value traded (ADVT) generally is considered for possible inclusion in the Index.

The Index may include multiple securities from the same company.

## **Industries and sectors**

A security must not be classified as a Mortgage Real Estate Investment Trust or Real Estate Investment Trust at the Sector level according to the Industry Classification Benchmark (ICB). ICB is a product of FTSE International Limited that is licensed for this use.

## **Market capitalization**

A security must have a free float market capitalization of at least \$1 billion (USD).

## **Liquidity**

A security must have a three-month average daily value traded (ADVT) of at least \$2 million (USD).

## **Other eligibility criteria**

A security must 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.

A security must have a positive earnings per share in the trailing twelve-month period greater than the earnings per share in the trailing twelve-month period three years prior.

A security must have a cash to debt ratio greater than 25%.

A security must have a trailing twelve-month period payout ratio no greater than 65%.

If a company has a combined weight of 1.2% or more from the Sub-Portfolios not undergoing an Index Reconstitution (referred to as the “Sub-Portfolio Weight Cap” or SPWC), and the free float market capitalization of the company is below the median free float market capitalization of all companies in the Index, the company will be ineligible for inclusion in the reconstituting Sub-Portfolio.

If, at reconstitution, Nasdaq becomes aware that an issuer or security will soon undergo a fundamental change that makes it ineligible, Nasdaq will remove the security from consideration. This includes entering into a definitive merger or acquisition agreement or other pending arrangement that would make it ineligible for Index inclusion, or a filing of bankruptcy or similar protection from creditors.

# **CONSTITUENT SELECTION**

## **Constituent selection process**

The Constituent Selection Process described herein is applied annually to each Sub-Portfolio during its designated Index Reconstitution quarter, based on the Reconstitution reference date specified in the Index Calendar.

During each Index Reconstitution, all securities meeting the applicable Security Eligibility Criteria are considered for inclusion in the Index. Index Securities are selected based on the following ordered criteria:

- Eligible securities receive 3 ranks:
  - By five year dollar dividend increase, in descending order;
  - By current dividend yield, in descending order; and
  - By payout ratio, in ascending order.
- The 3 ranks are summed to obtain a single combined rank.
- Up to 125 securities with the lowest (most favorable) combined ranks are selected.
- In the event of a tie, the security with the higher dividend yield is given priority.
- If an ICB Industry is represented by more than 37 securities, the Industry's highest-ranked component is removed from the selection of up to 125 securities and is replaced with the next-ranked eligible security not from that industry.
- If NQUSM is represented by more than 93 securities, NQUSM's highest-ranked component is removed from the selection of up to 125 securities and is replaced with the next-ranked eligible security from NQUSS.
- If NQUSS is represented by more than 93 securities, NQUSS's highest-ranked component is removed from the selection of up to 125 securities and is replaced with the next-ranked eligible security from NQUSM.

The Sub-Portfolios are combined into one aggregate portfolio to form the Index.

## CONSTITUENT WEIGHTING

### Constituent weighting scheme

The Index is an equal-weighted index.

### Constituent weighting process

The Constituent Weighting Process described herein is applied annually to each Sub-Portfolio and the Index during their designated Index Rebalance quarters, based on the Rebalance reference date specified in the Index Calendar.

During each Index Rebalance, only the Sub-Portfolio undergoing an Index Reconstitution employs an equal weighting scheme, where all Index Securities within that Sub-Portfolio have equal Index Market Value.

Additionally, during the Index Rebalance in March, the Index is rebalanced so that each of the four Sub-Portfolios is equally weighted among each other, each representing 25% of the total Index weight.

If an Index Security is present in multiple Sub-Portfolios, its combined weight across these Sub-Portfolios is used in the Index.

For additional information about index weighting, see **Nasdaq Index Weight Calculations**.

## INDEX CALENDAR

### Reconstitution & Rebalancing schedule

|  |  |
|--|--|
| <b>Reconstitution Frequency</b>          | <p><b>Sub-Portfolio:</b></p> <ul style="list-style-type: none"> <li><b>Annually:</b> Each Sub-Portfolio is reconstituted annually according to the following Sub-Portfolio Schedule: <ul style="list-style-type: none"> <li>Sub-Portfolio A: March</li> <li>Sub-Portfolio B: June</li> <li>Sub-Portfolio C: September</li> <li>Sub-Portfolio D: December</li> </ul> </li> </ul> <p><b>Index:</b></p> <ul style="list-style-type: none"> <li><b>Quarterly:</b> The Index is reconstituted quarterly, affecting only the Sub-Portfolio scheduled for Index Reconstitution according to the Sub-Portfolio Schedule</li> </ul> |
| <b>Rebalance Frequency</b>               | <p><b>Sub-Portfolio:</b></p> <ul style="list-style-type: none"> <li><b>Annually:</b> Each Sub-Portfolio is rebalanced annually in conjunction with its respective Index Reconstitution based on the Sub-Portfolio Schedule</li> </ul> <p><b>Index:</b></p> <ul style="list-style-type: none"> <li><b>Annually:</b> The Index is rebalanced annually in conjunction with the Index Rebalance of Sub-Portfolio A</li> <li><b>Quarterly:</b> The Index is rebalanced quarterly, affecting only the Sub-Portfolio scheduled for Index Rebalance according to the Sub-Portfolio Schedule</li> </ul>                             |
| <b>Reconstitution Reference Dates</b>    | <ul style="list-style-type: none"> <li>Generally, the last trading day of December, March, June and September, respectively</li> <li>For free float market capitalization, three-month average daily value traded (ADVT), and Last Sale Price ("LSP") in SPWC, the last trading day of February, May, August and November, respectively</li> </ul>   |
| <b>Reconstitution Announcement Dates</b> | <ul style="list-style-type: none"> <li>After the close on the sixth trading day prior to the Reconstitution effective date</li> </ul>  |
| <b>Reconstitution Effective Dates</b>    | <ul style="list-style-type: none"> <li>At market open on the first trading day after the third Friday in March, June, September and December, respectively</li> </ul>  |
| <b>Rebalance Reference Dates</b>         | <ul style="list-style-type: none"> <li>Last trading day of February, May, August and November, respectively, used to determine the Last Sale Price ("LSP")</li> </ul>  |

|                                     |   |
|-------------------------------------|---|
| <b>Rebalance Announcement Dates</b> | <ul style="list-style-type: none"> <li>• After the close on the sixth trading day prior to the Rebalance effective date</li> </ul>                                      |
| <b>Rebalance Effective Dates</b>    | <ul style="list-style-type: none"> <li>• At market open on the first trading day after the third Friday in March, June, September and December, respectively</li> </ul> |

## Holiday schedule

The Indexes are calculated Monday through Friday, except on days when the Nasdaq exchange is closed.

## Index calculation and dissemination schedule

The Indexes are calculated during the trading day based on the Last Sale Price and are disseminated once per second from 09:30:01 to 17:16:00 ET. 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.

## INDEX MAINTENANCE

### Deletion policy

#### Daily

If, at any time other than an Index Reconstitution, Nasdaq becomes aware that an Index Security has become ineligible for continued inclusion, it is removed from the Index as soon as practicable. This includes events such as filing bankruptcy or similar protection from creditors, delisting or other arrangement including mergers and acquisitions. Refer to the **Corporate Actions and Events Manual – Equities** for further information.

#### Monthly

An Index Security that suspends or decreases its dividend payments greater than or equal to 50% based on the prior ex-date of the last dividend distributed at each month's end will be removed at market open the next trading day after the third Friday of the following month.

#### Quarterly

Each quarter, in conjunction with the Index Reconstitution, the market capitalization and liquidity criteria, as outlined in the Security Eligibility Criteria, are also evaluated for Index Securities from each Sub-Portfolio not undergoing an Index Reconstitution. These criteria are applied based on Reconstitution reference date specified in the Index Calendar. If an Index Security fails to meet either criterion at these times, it will be removed from the Index on the Reconstitution effective date.

### Replacement policy

Index Securities are not replaced between Index Reconstitutions.

## Corporate actions

In the interim periods between scheduled index reconstitution events, individual Index securities may be the subject to a variety of corporate actions and events that require maintenance and adjustments to the Index. Specific treatment of each type of corporate action or event is described in **Nasdaq Corporate Actions and Events Manual – Equities**, which is incorporated herein by reference.

In certain cases, corporate actions and events are handled according to the weighting scheme or other index construction techniques employed. Wherever alternate methods are described, the Index will follow the “Non-Market Cap Corporate Action Method.”

## Index share adjustments

Other than as a direct result of corporate actions, the index does not normally experience share adjustments between scheduled index rebalance and reconstitution events.

## ADDITIONAL INFORMATION

### Announcements

Nasdaq announces Index-related information via the Nasdaq Global Index Watch (GIW) website at <http://indexes.nasdaqomx.com>.

For more information on the general Index Announcement procedures, please refer to the **Nasdaq Index Methodology Guide**.

### Unexpected market closures

For information on Unexpected Market Closures, please refer to the **Nasdaq Index Methodology Guide**.

### Calculation types

For information on the Index calculation types as well as the mathematical approach used to calculate the Index(es), please refer to the **Calculation Manual – Equities and Commodities**.

### Recalculation and restatement policy

For information on the Recalculation and Restatement Policy, please refer to the **Nasdaq Index Recalculation Policy**.

### Data sources

For information on data sources and the classification of dividends and associated tax rates, please refer to the **Nasdaq Index Methodology Guide**.

## Contact information

For any questions regarding an Index, please contact the Nasdaq Index Client Services team at [indexservices@nasdaq.com](mailto:indexservices@nasdaq.com).

## Index dissemination

Index values and weightings information are available through Nasdaq Global Index Watch (GIW) website at <https://indexes.nasdaqomx.com/> as well as the Nasdaq Global Index FlexFile Delivery Service (GIFFD) and Global Index Dissemination Services (GIDS). Similar to the GIDS offerings, Genium Consolidated Feed (GCF) provides real-time Index values and weightings for the Nordic Indexes.

For more detailed information regarding Index Dissemination, see the **Nasdaq Index Methodology Guide**.

## Website

For further information, please refer to Nasdaq GIW website at <https://indexes.nasdaqomx.com/>.

## FTP and dissemination service

Index values and weightings are available via FTP on the Nasdaq Global Indexes FlexFile Delivery Service (GIFFD). Index values are available via Nasdaq's Global Index Dissemination Services (GIDS).

## GOVERNANCE

All Nasdaq Indexes are managed by the governance committee structure and have transparent governance, oversight, and accountability procedures for the Index determination process. For further details on the Index Methodology and Governance overlay, refer to the **Nasdaq Index Methodology Guide**.

## GLOSSARY OF TERMS AS USED IN THIS DOCUMENT

For the glossary of key terms, please refer to the **Nasdaq Index Methodology Guide**.

## APPENDIX A: METHODOLOGY CHANGE LOG

| Effective Date | Methodology Section                                       | Previous  | Updated   |
|----------------|---|---|---|
| 3/24/2025      | Security eligibility criteria                             | --  | The Security Eligibility Criteria specified herein are evaluated within each Sub-Portfolio to determine which securities qualify for Index inclusion. These criteria are applied based on the Reconstitution reference date specified in the Index Calendar.  |
| 3/24/2025      | Security eligibility criteria: Other eligibility criteria | --  | If a company has a combined weight of 1.2% or more from the Sub-Portfolios not undergoing an Index Reconstitution (referred to as the "Sub-Portfolio Weight Cap" or SPWC), and the free float market capitalization of the company is below the median free float market capitalization of all companies in the Index, the company will be ineligible for inclusion in the reconstituting Sub-Portfolio.  |
| 3/24/2025      | Constituent selection:<br>Constituent selection process   | <p>During each Index Reconstitution, all securities meeting the applicable Security Eligibility Criteria are considered for inclusion in the Index. Index Securities are selected based on the following ordered criteria:</p> <ul style="list-style-type: none"> <li>• Eligible securities receive 3 ranks: <ul style="list-style-type: none"> <li>○ By five year dollar dividend increase, in descending order;</li> <li>○ By current dividend yield, in descending order; and</li> <li>○ By payout ratio, in ascending order.</li> </ul> </li> <li>• The 3 ranks are summed to obtain a single combined rank.</li> <li>• Up to 100 securities with the lowest (most favorable) combined ranks are selected.</li> <li>• In the event of a tie, the security with the higher dividend yield is given priority.</li> <li>• If an ICB Industry is represented by more than 30 securities, the Industry's highest-ranked component is removed from the</li> </ul> | <p>The Constituent Selection Process described herein is applied annually to each Sub-Portfolio during its designated Index Reconstitution quarter, based on the Reconstitution reference date specified in the Index Calendar.</p> <p>During each Index Reconstitution, all securities meeting the applicable Security Eligibility Criteria are considered for inclusion in the Index. Index Securities are selected based on the following ordered criteria:</p> <ul style="list-style-type: none"> <li>• Eligible securities receive 3 ranks: <ul style="list-style-type: none"> <li>○ By five year dollar dividend increase, in descending order;</li> <li>○ By current dividend yield, in descending order; and</li> <li>○ By payout ratio, in ascending order.</li> </ul> </li> <li>• The 3 ranks are summed to obtain a single combined rank.</li> <li>• Up to 125 securities with the lowest (most favorable) combined ranks are selected.</li> </ul> |



| Effective Date | Methodology Section                                     | Previous   | Updated  |
|----------------|---|--|--|
|                |   | <p>selection of up to 100 securities and is replaced with the next-ranked eligible security not from that industry.</p> <ul style="list-style-type: none"> <li>• If NQUSM is represented by more than 75 securities, NQUSM's highest-ranked component is removed from the selection of up to 100 securities and is replaced with the next-ranked eligible security from NQUSS.</li> <li>• If NQUSS is represented by more than 75 securities, NQUSS's highest-ranked component is removed from the selection of up to 100 securities and is replaced with the next-ranked eligible security from NQUSM.</li> </ul> | <ul style="list-style-type: none"> <li>• In the event of a tie, the security with the higher dividend yield is given priority.</li> <li>• If an ICB Industry is represented by more than 37 securities, the Industry's highest-ranked component is removed from the selection of up to 125 securities and is replaced with the next-ranked eligible security not from that industry.</li> <li>• If NQUSM is represented by more than 93 securities, NQUSM's highest-ranked component is removed from the selection of up to 125 securities and is replaced with the next-ranked eligible security from NQUSS.</li> <li>• If NQUSS is represented by more than 93 securities, NQUSS's highest-ranked component is removed from the selection of up to 125 securities and is replaced with the next-ranked eligible security from NQUSM.</li> </ul> <p>The Sub-Portfolios are combined into one aggregate portfolio to form the Index.</p> |
| 3/24/2025      | Constituent weighting:<br>Constituent weighting process | The Index employs an equal weighting scheme: all Index Securities have equal Index market value.   | <p>The Constituent Weighting Process described herein is applied annually to each Sub-Portfolio and the Index during their designated Index Rebalance quarters, based on the Rebalance reference date specified in the Index Calendar.</p> <p>During each Index Rebalance, only the Sub-Portfolio undergoing an Index Reconstitution employs an equal weighting scheme, where all Index Securities within that Sub-Portfolio have equal Index Market Value.</p> <p>Additionally, during the Index Rebalance in March, the Index is rebalanced so that each of the four Sub-Portfolios is equally weighted among each other, each</p>   |

| Effective Date | Methodology Section  | Previous  | Updated  |
|----------------|--|---|--|
|                |  |   | <p>representing 25% of the total Index weight.</p> <p>If an Index Security is present in multiple Sub-Portfolios, its combined weight across these Sub-Portfolios is used in the Index.</p>  |
| 3/24/2025      | Index calendar:<br>Reconstitution &<br>Rebalancing<br>schedule:<br>Reconstitution<br>frequency | <ul style="list-style-type: none"> <li>Annually</li> </ul>  | <p>Sub-Portfolio:</p> <ul style="list-style-type: none"> <li>Annually: Each Sub-Portfolio is reconstituted annually according to the following Sub-Portfolio Schedule: <ul style="list-style-type: none"> <li>Sub-Portfolio A: March</li> <li>Sub-Portfolio B: June</li> <li>Sub-Portfolio C: September</li> <li>Sub-Portfolio D: December</li> </ul> </li> </ul> <p>Index:</p> <ul style="list-style-type: none"> <li>Quarterly: The Index is reconstituted quarterly, affecting only the Sub-Portfolio scheduled for Index Reconstitution according to the Sub-Portfolio Schedule</li> </ul> |
| 3/24/2025      | Index calendar:<br>Reconstitution &<br>Rebalancing<br>schedule:<br>Rebalance<br>frequency      | <ul style="list-style-type: none"> <li>Quarterly</li> </ul>   | <p>Sub-Portfolio:</p> <ul style="list-style-type: none"> <li>Annually: Each Sub-Portfolio is rebalanced annually in conjunction with its respective Index Reconstitution based on the Sub-Portfolio Schedule</li> </ul> <p>Index:</p> <ul style="list-style-type: none"> <li>Annually: The Index is rebalanced annually in conjunction with the Index Rebalance of Sub-Portfolio A</li> <li>Quarterly: The Index is rebalanced quarterly, affecting only the Sub-Portfolio scheduled for Index Rebalance according to the Sub-Portfolio Schedule</li> </ul>                                    |
| 3/24/2025      | Index calendar:<br>Reconstitution &<br>Rebalancing<br>schedule:                                | <ul style="list-style-type: none"> <li>Generally, the last trading day of December</li> <li>For free float market capitalization and three-month average daily</li> </ul> | <ul style="list-style-type: none"> <li>Generally, the last trading day of December, March, June and September, respectively</li> <li>For free float market capitalization, three-month average daily value</li> </ul>  |

| Effective Date | Methodology Section   | Previous   | Updated   |
|----------------|---|--|---|
|                | Reconstitution reference dates  | value traded (ADVT), the last trading day of February  | traded (ADVT), and Last Sale Price ("LSP") in SPWC, the last trading day of February, May, August and November, respectively  |
| 3/24/2025      | Index calendar: Reconstitution & Rebalancing schedule: Reconstitution effective dates | <ul style="list-style-type: none"> <li>At market open on the first trading day after the third Friday in March</li> </ul>  | <ul style="list-style-type: none"> <li>At market open on the first trading day after the third Friday in March, June, September and December, respectively</li> </ul>   |
| 3/24/2025      | Index calendar: Reconstitution & Rebalancing schedule: Rebalance reference dates      | <ul style="list-style-type: none"> <li>Close of trading on the third Friday in March, used to determine the Last Sale Price ("LSP")</li> </ul>   | <ul style="list-style-type: none"> <li>Last trading day of February, May, August and November, respectively, used to determine the Last Sale Price ("LSP")</li> </ul>   |
| 9/23/2024      | Security eligibility criteria: Market capitalization                                  | A security must have a market capitalization of at least \$500 million (USD).  | A security must have a free float market capitalization of at least \$1 billion (USD).  |
| 9/23/2024      | Index calendar: Reconstitution reference dates  | <ul style="list-style-type: none"> <li>The last trading day of December</li> </ul>   | <ul style="list-style-type: none"> <li>Generally, the last trading day of December</li> <li>For free float market capitalization and three-month average daily value traded (ADVT), the last trading day of February</li> </ul>   |
| 9/23/2024      | Index maintenance: Deletion policy: Quarterly   | --   | Each quarter, in conjunction with the Index Rebalance, the market capitalization and liquidity criteria, as outlined in the Security Eligibility Criteria, are evaluated using reference dates from the prior month-end (February, May, August, and November). If an Index Security fails to meet either criterion at these times, it will be removed from the Index on the Rebalance effective date. |
| 9/23/2024      | Index maintenance: Replacement policy   | If, at any time other than an Index Reconstitution, an Index Security is removed from the Index, it is replaced at the next Quarterly Rebalance with the next eligible security based on the ranking determined at the time of the Annual Reconstitution. Any security removed due | Index Securities are not replaced between Index Reconstitutions.  |

| Effective Date | Methodology Section | Previous   | Updated |
|----------------|---------------------|--|---------|
|                |                     | <p>to suspended or decreased dividend may be added back to the list of next eligible securities and considered for replacement, provided that it is not still violating the conditions of the Deletion policy at the time of the Quarterly Rebalance.</p> <p>The security being added to the Index during the Quarterly Rebalance 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 ICB Industry and the next eligible security is from the capped ICB Industry, it will be added back in). In the event there are insufficient number of eligible securities, a security from the previously capped industry may be included.</p> |         |

## DISCLAIMER

Nasdaq may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity, including but not limited to, quantitative inclusion criteria. Nasdaq may also, due to special circumstances, if deemed essential, apply discretionary adjustments to ensure and maintain the high quality of the index construction and calculation. Nasdaq does not guarantee that any Index accurately reflects future market performance.

Neither Nasdaq, Inc. nor any of its affiliates (collectively "Nasdaq") makes any recommendation to buy or sell any security or any representation about the financial condition of any company. Investors should undertake their own due diligence and carefully evaluate companies before investing. The information contained herein is provided for informational and educational purposes only, and nothing contained herein should be construed as investment advice, either on behalf of a particular security or an overall investment strategy. **ADVICE FROM A SECURITIES PROFESSIONAL IS STRONGLY ADVISED.**