



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.

SECURITY ELIGIBILITY CRITERIA

Parent index

A security must be a component of the Nasdaq US Mid Cap Index (NQUSM) or Nasdaq US Small Cap Index (NQUSS), as of the Index 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.

Eligible security types

Eligible security types generally include common stocks.

Multiple classes of securities

One security per issuer is permitted. If an issuer has multiple listed security classes, the security with the highest three-month average daily traded value generally is considered for possible inclusion in the Index.

Industry or sector eligibility

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 eligibility

A security must have a market capitalization of at least \$500 million (USD).

Liquidity eligibility

A security must have a three-month average daily traded value 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 positive earnings per share in the most recent fiscal year greater than the earnings per share three fiscal 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, 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.

INDEX CALENDAR

Reconstitution schedule

The Index Reconstitution is conducted once annually in March.

Reconstitution reference dates

The Security Eligibility Criteria and Constituent Selection Process are applied using market data as of the end of December.

Reconstitution announcement dates

Index Reconstitutions are announced in early March.

Reconstitution effective dates

Index Reconstitutions become effective at market open on the trading day after the third Friday in March.

Rebalance schedule

The Index is rebalanced quarterly in March, June, September and December by following the Constituent Weighting Process.

Rebalance reference dates

The Index Rebalance uses the Last Sale Price ("LSP") of all Index Securities as of the close of trading on the third Friday in March, June, September and December.

Rebalance announcement dates

Index Rebalance changes are announced in early March, June, September and December.

Rebalance effective dates

Index Rebalance changes become effective at market open on the trading day after the third Friday in March, June, September and December.

Special rebalance schedule

A Special Rebalance may be conducted at any time based on the weighting restrictions described in the Index Rebalance Procedure if it is determined to be necessary to maintain the integrity of the Index.

CONSTITUENT SELECTION

Constituent selection process

Securities that meet the applicable Security Eligibility Criteria are considered for inclusion based on the following ordered criteria.

- Eligible securities receive 3 ranks:
 - By 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.
- The 100 securities with the lowest 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 30 securities, the Industry's highest-ranked component is removed from the selection of 100 securities and is replaced with the next-ranked eligible security not from that industry.
- If NQUSM is represented by more than 75 securities, NQUSM's highest-ranked component is removed from the selection of 100 securities and is replaced with the next-ranked eligible security from NQUSS.

- If NQUSS is represented by more than 75 securities, NQUSS's highest-ranked component is removed from the selection of 100 securities and is replaced with the next-ranked eligible security from NQUSM.

CONSTITUENT WEIGHTING

Constituent weighting scheme

The Index is an equal-weighted index.

Constituent weighting process

The Index employs an equal weighting scheme: all Index Securities have equal Index market value. For additional information about index weighting, see **Nasdaq Standard Index Weight Adjustment Guidelines**.

INDEX MAINTENANCE

Deletion policy

If, at any time during the year other than the Index Reconstitution(s), an Index Security no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index, it is removed from the Index. This includes circumstances where an Index Security is determined to be ineligible for continued inclusion in the Index due to bankruptcy, delisting, or a definitive agreement that would likely result in the security no longer being Index eligible. Please refer to **Nasdaq's Corporate Actions and Events Manual – Equities** for detailed handling of the aforementioned event types.

Additionally, 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.

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 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.

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.

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**.

Holiday schedules

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

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.

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**.

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.

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

Index governance

All Nasdaq Indexes follow the same governance structure. For a detailed list of this information, please see the **Nasdaq Index Methodology Guide**.

Nasdaq Index Management Committee

The Nasdaq Index Management Committee approves all new Index Methodologies. This committee is comprised of full-time professional members of Nasdaq. The committee meets regularly, and reviews items including, but not limited to, pending corporate actions that may affect Index constituents, statistics comparing the composition of the indexes to the market, companies that are being considered as candidates for addition to an Index, and any significant market events.

For a detailed overview of the Index Management Committee, please see the **Nasdaq Index Methodology Guide**.

Internal reviews of methodology

For a detailed description on internal reviews of the Methodology, please see the **Nasdaq Index Methodology Guide**.

Communication with stakeholders and consultations

For a detailed description on Consultations and Communications with Stakeholders, please see the **Nasdaq Index Methodology Guide**.

Index cessation

Nasdaq has a documented procedure that is followed for Index Cessation that includes termination/retirement of an Index or Index Family.

For more information, please refer to the **Nasdaq Index Cessation Policy**.

Discretionary adjustment

This Index Methodology was created by Nasdaq to achieve the aforementioned objective of measuring the underlying purpose of each Index governed by this methodology document. Any deviations from this methodology are made in the sole judgment and discretion of Nasdaq so that the Index continues to achieve its objective.

For more information on potential adjustments including Calculation and Pricing Disruptions, Expert Judgment, and Unexpected Reconstitution/Rebalances, please 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**.

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.

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