



INDEX METHODOLOGY

NASDAQ GLOBAL HIGH EQUITY INCOME INDEX™

NQGIHEI

INDEX DESCRIPTION

The Nasdaq Global High Equity Income Index selects securities from the Nasdaq Global Index based on factors such as liquidity, dividend yield and other quality screens.

SECURITY ELIGIBILITY CRITERIA

Parent index

A security must be a member of the Nasdaq Global Index (NQGI). For more information on eligibility requirements, please see the NQGI methodology, which is incorporated herein by reference.

Multiple classes of securities

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

Industry or sector eligibility

The Index excludes securities classified as Mortgage Real Estate Investment Trusts at the Sector level according to the Industry Classification Benchmark (ICB), a product of FTSE International Limited that is used under license.

Liquidity eligibility

A security must have a trailing five-day average daily traded value of at least \$2,500,000 (USD) for each of the 60 trading days up to and including the Reconstitution Reference Date.

Other eligibility criteria

A security must have a trailing 12-month dividend yield greater than 150% of the median yield of the dividend paying universe, or 125% of the median yield of the dividend paying universe if the 150% threshold would produce a sub-portfolio containing fewer than 34 securities.

Securities must have positive dividend growth over the last three years or have initiated a dividend.

INDEX CALENDAR

Reconstitution schedule

The Index is divided into six sub-portfolios, each receiving one sixth of the total Index weight in the December rebalance. Each sub-portfolio is reconstituted semi-annually.

The sub-portfolio reconstitutions have the following schedule:

- Sub-Portfolio A: January and July
- Sub-Portfolio B: February and August
- Sub-Portfolio C: March and September
- Sub-Portfolio D: April and October
- Sub-Portfolio E: May and November
- Sub-Portfolio F: June and December

Reconstitution reference dates

Index Reconstitutions use end-of-day market data from nine trading days prior to the last Thursday before the last Friday of the month.

Reconstitution announcement dates

Index Reconstitutions are generally announced five trading days prior to the effective date.

Reconstitution effective dates

Index Reconstitutions become effective at the market open on the Thursday before the last Friday of the month.

Rebalance schedule

The Index is rebalanced once monthly. All sub-portfolios are rebalanced in December, and the six sub-portfolios are equally weighted within the Index. Excluding the December rebalance, all sub-portfolios are rebalanced semi-annually in conjunction with the semi-annual reconstitutions.

Rebalance reference dates

The Index Rebalances use end-of-day market data from nine trading days prior to the last Thursday before the last Friday of the month.

Rebalance announcement dates

Index Rebalance changes are generally announced five trading days prior to the effective date.

Rebalance effective dates

Index Rebalance changes become effective at the market open on the Thursday before the last Friday of the month.

CONSTITUENT SELECTION

Constituent selection process

Securities that meet the applicable Security Eligibility Criteria that are in the top 2,000 market capitalization of the eligible securities are considered for inclusion based on the following screens.

- Securities in the bottom quintile by return on assets are excluded.
- Securities with long term debt to assets greater than 75% are excluded.
- Securities with a three-year dividend payout ratio greater than 90% are excluded.
- Securities with negative free cash flow are excluded.

The securities that pass the above screens are selected for inclusion in the sub-portfolio, with a minimum of 34 securities.

CONSTITUENT WEIGHTING

Constituent weighting scheme

The Index is a modified plowback-weighted index.

Constituent weighting process

Within each sub-portfolio, Index Securities' initial weights are determined by dividing each Index Security's "net income minus dividends paid," or "plowback," by the aggregate plowback of all Index Securities.

Initial weights are then adjusted to meet the following constraints:

- No Index Security assigned by Nasdaq to a Developed Market may have a weight exceeding 3%.
- No Index Security assigned by Nasdaq to an Emerging Market may have a weight exceeding 1%.

For additional information about index weighting, see **Nasdaq Standard Index Weight Adjustment Guidelines**.

INDEX MAINTENANCE

Deletion policy

If, at any time other than an Index Reconstitution, Nasdaq determines that an Index Security has or will undergo a fundamental alteration that would make it ineligible for Index inclusion, the Index Security is removed as soon as practicable.

Such alterations may include merger, acquisition, or other major corporate event that would otherwise adversely affect the integrity of the Index.

Replacement policy

Index securities deleted at any time during the year other than the Index Reconstitution(s) are not replaced.

Corporate actions

In the interim periods between scheduled index reconstitution and rebalancing 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 adjust shares 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 Index is calculated Monday through Friday and does not close for holidays, as it is a Global Index.

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 **Nasdaq Index Policies & Procedures: Calculation Manual – Equities & 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, 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 Index Values are calculated five (5) days a week, Monday through Friday, starting by the earliest time zone, Asia/Tokyo, and closed by the latest time zone, America/New York.

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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