



INDEX METHODOLOGY

## NASDAQ GLOBAL RISK MANAGED INCOME INDEX

### NQGRMI

#### INDEX DESCRIPTION

The NASDAQ Global Risk Managed Income Index is a rules-based, quantitatively enabled index designed to provide risk-managed, globally diversified exposure to income generating asset classes to produce a high yield for the risk taken. The Index consists of liquid, income-bearing exchange-traded funds (ETFs) and other exchange-traded products across various asset classes to gain the diversified, risk managed exposure.

#### SECURITY ELIGIBILITY CRITERIA

##### Eligible security types

Security types generally eligible for the Index are fixed income and equity ETFs that are classified as Index Participation Units.

##### Eligible exchanges

A security must be listed on the Toronto Stock Exchange.

##### Other eligibility criteria

An ETF must have a median value in assets under management (AUM) of at least \$20 million (USD) over the four weeks preceding the Reconstitution reference date.

#### INDEX CALENDAR

##### Reconstitution schedule

The Index is reconstituted periodically based on Newfound Research's quantitative investment strategies.

## **Reconstitution reference dates**

The Security Eligibility Criteria are applied using market data at the close of the fourth day prior to the Reconstitution effective date.

## **Reconstitution announcement dates**

Index Reconstitution changes are announced two days prior to the Reconstitution effective date.

## **Reconstitution effective dates**

Index Reconstitutions are effective at market open on the trading day following any Wednesday.

## **Rebalance schedule**

The Index is rebalanced only in conjunction with the Index Reconstitution. The Rebalance reference, announcement and effective dates are the same as those used for the Index Reconstitution.

# **CONSTITUENT SELECTION**

## **Constituent selection process**

Securities are evaluated and selected by Newfound Research (Newfound) based on fit, fund size, cost, performance and volatility.

# **CONSTITUENT WEIGHTING**

## **Constituent weighting scheme**

The Index is a momentum- and yield-weighted index.

## **Constituent weighting process**

Index Security weights are determined by Newfound based on Newfound's proprietary, dynamic and volatility-adjusted momentum model that measures the rate of acceleration of each Index Security's price and yield, which is measured against its respective risk profile. Index Securities with a higher yield-to-risk profile and positive price momentum are weighted more heavily within the Index.

Index Security weights are subject to the following constraints:

- The aggregate weight of Index Securities issued by each ETF issuing company may not exceed 50%. To prevent this from occurring, the Index may replace securities of high-weight ETF issuing companies with ETFs with commensurate investment exposure.
- No Index Security weight may exceed 25%.

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

## INDEX MAINTENANCE

### Deletion policy

If, at any time during the year other than the Index Reconstitution(s), an Index Security is determined to have become ineligible for inclusion in the Index, it is removed from the Index as soon as practicable. This includes circumstances wherein an ETF is determined to be ineligible for continued inclusion in the Index due to a pending liquidation, delisting or definitive agreement to merge with another fund.

### Replacement policy

Index Securities are not replaced in the Index outside of the Index Reconstitution.

### 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's 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 "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 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 **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**.

## **Index calculation and dissemination schedule**

The Index is calculated five (5) days a week, Monday through Friday, from 12:30:01 Japan Standard Time to 17:16:00 Eastern Time.

## **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**.

## 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.

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.**

## APPENDIX: METHODOLOGY CHANGE LOG

Effective Date	Methodology Section	Description or Summary of Changes
April 8, 2022	Security Eligibility Criteria: Other eligibility criteria	The ETF AUM minimum was changed from \$50 million on the Reconstitution reference date to a four-week median of \$20 million, and is evaluated at each reconstitution.
April 8, 2022	Security Eligibility Criteria: Eligible security types	A security must be classified as an Index Participation Unit.