



INDEX METHODOLOGY

## NASDAQ LUX HEALTH TECH INDEX

### NQHTEC

#### INDEX DESCRIPTION

The Nasdaq Lux Health Tech Index is designed to measure the performance of a selection of companies that are primarily engaged in and involved at the intersection of healthcare and technology, as classified and selected by Lux Capital based on analysis of the products and services offered by those companies.

#### SECURITY ELIGIBILITY CRITERIA

##### Eligible security types

Eligible security types generally include common stocks, ordinary shares and depositary receipts.

If the security is a depositary receipt, references to the “issuer” are references to the issuer of the underlying security.

##### Multiple classes of securities

One security per issuer is permitted. If an issuer has multiple securities, the security currently in the index takes precedence if it meets all other Security Eligibility Criteria. Otherwise, the security with the highest six-month average daily trading value generally is considered for possible inclusion into the Index. For securities with less than six months of trading, the average daily trading value is calculated using the security’s entire trading history.

##### Eligible exchanges

A security must be listed on an Index-eligible global stock exchange. Global stock exchanges are reviewed periodically for eligibility. For more information and a complete listing of Index-eligible exchanges, please refer to **Nasdaq Index Eligible Stock Exchanges**.

## **Industry or sector eligibility**

An issuer must be involved in some aspect of the health technology industry, which Lux Capital broadly defines as medical and surgical devices, clinical diagnostics, healthcare-related business/productivity software or some other healthcare technology identified as digital health.

An issuer must be engaged in at least one of the following:

- the development or commercialization of a medical device or life science / diagnostic tool or instrument
- the development of a proteomics, next-generation (NGS) or genome sequencing and/or genetic testing platform
- the development of a clinically actionable genomic information platform
- the development of a software healthcare data or analytics platform
- the development or commercialization of a connected hardware, handheld / advanced imaging or wearable device intended for remote monitoring, diagnosis or treatment
- the development of a digital interface or application that improves access to and quality of healthcare
- participation in at least one of the following markets: therapeutic devices; at-home connected fitness and wellness tech; fitness wearables; tech-enabled at-home or remote care; tech-enabled health networks; tech-enabled clinical trial and research; online healthcare platforms; femtech; laboratory services; and healthcare technology systems.

## **Market capitalization eligibility**

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

## **Liquidity eligibility**

A security must have a three-month average daily traded value of at least \$3 million (USD).

## **Seasoning eligibility**

A security must have been traded for at least three months prior to the Index Reconstitution reference date.

## **Other eligibility criteria**

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 semi-annually in March and September.

### Reconstitution reference dates

Unless otherwise specified, the Security Eligibility Criteria are applied using reference data as of the end of February and August, respectively.

### Reconstitution announcement dates

Index Reconstitutions are announced in early March and September.

### Reconstitution effective dates

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

### Rebalance schedule

The Index is rebalanced semi-annually in conjunction with the Index Reconstitution. The announcement, reference, and effective dates are the same as those of the Index Reconstitution.

## CONSTITUENT SELECTION

### Constituent selection process

Securities that meet the applicable Security Eligibility Criteria are eligible for inclusion in the Index. Securities are selected based on their Index inclusion as of the Reconstitution Reference Date and their issuers' annual revenue growth, as determined by Lux Capital, according to the following selection criteria:

- A security in the Index as of the Reconstitution Reference Date is selected for inclusion in the Index if it meets at least one of two conditions:
  - Its issuer had annual revenue growth of at least 7% in at least one of the two preceding full fiscal years.
  - Its issuer's market capitalization is at least \$50 billion (USD).
- A security not in the Index as of the Reconstitution Reference Date is selected for inclusion in the Index if and only if its issuer had annual revenue growth of at least 10% in each of the two preceding full fiscal years.

## CONSTITUENT WEIGHTING

### Constituent weighting scheme

The Index is a modified market capitalization-weighted index.

### Constituent weighting process

NQHTEC employs a two-stage weight adjustment scheme.

Index Securities' initial weights are determined by dividing each Index Security's free float market capitalization by the aggregate free float market capitalization of all Index Securities.

#### Stage 1:

Initial index weights are adjusted to meet the following Stage 1 constraint, producing the Stage 1 weights:

- No Index Security weight may exceed 8%.

#### Stage 2:

Stage 1 weights are adjusted to meet the following Stage 2 constraints, producing the final weights:

- For Index Securities with the five largest free float market capitalizations, Stage 1 weights are maintained.
- For all other Index Securities, no weight may exceed 4%.

The final weights meet the following constraints:

- No Index Security weight may exceed 8% of the index; five may exceed 4%.

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

## 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 impact 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 “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 Policy**.

## **Holiday schedules**

The Index is calculated according to the NYSE/NASDAQ holiday calendar.

## **Unexpected market closures**

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

## **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 & 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 Policy**.

## **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 Policy**.

## **Index calculation and dissemination schedule**

The Index is calculated starting by the earliest time zone (Asia/Tokyo) and closes 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 Policy**.

## **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 Policy**.

## **Internal reviews of methodology**

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

## **Communication with stakeholders and consultations**

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

## **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 Policy**.

## **GLOSSARY OF TERMS AS USED IN THIS DOCUMENT**

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

## APPENDIX: METHODOLOGY CHANGE LOG

Effective date	Methodology section	Description or summary of changes
September 20, 2021	Security Eligibility Criteria: Eligible exchanges	Eligibility has been expanded from listings on exchanges operated by Nasdaq, NYSE and Cboe Global Markets to listings on exchanges operated by any Nasdaq Index Eligible Stock Exchange.
September 20, 2021	Security Eligibility Criteria: Market capitalization eligibility	Free float market capitalization eligibility has been increased from \$200 million to \$500 million (USD).
September 20, 2021	Security Eligibility Criteria: Liquidity eligibility	Liquidity eligibility has been increased from \$1 million to \$3 million (USD).
September 20, 2021	Index Calendar: Rebalance reference dates	The Rebalance Reference Date was changed from the third Friday in March and September to the Reconstitution Reference Date.
September 20, 2021	Constituent Weighting	The Index has switched from an equal weight to a modified market cap weight scheme.

## 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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