

NASDAQ UK Dividend Achievers™ Index Methodology

Index Description

The NASDAQ UK Dividend Achievers Index is comprised of UK securities with at least five consecutive years of increasing annual regular dividend payments.

Index Calculation

The NASDAQ UK Dividend Achievers Index is a float¹ adjusted market capitalization weighted index. The value of the Index equals the aggregate value of the Index share weights, also known as the Index Shares, of each of the Index Securities multiplied by each such security's Last Sale Price², and divided by the divisor of the Index. The divisor serves the purpose of scaling such aggregate value to a lower order of magnitude which is more desirable for Index reporting purposes. The Index began on November 22, 2010 at a base value of 10254.4188320327.

The formula for index value is as follows:

$$\text{Aggregate Adjusted Market Value/Divisor}$$

The formula for the divisor is as follows:

$$(\text{Market Value after Adjustments/Market Value before Adjustments}) \times \text{Divisor before Adjustments}$$

Two version of the Index are calculated – a price return index and a total return index.

- The Index (Nasdaq: UKDA) is ordinarily calculated without regard to cash dividends on Index Securities.
- The total return Index (Nasdaq: UKDATR) reinvests cash dividends on the ex-date.

All Indexes reflect extraordinary cash distributions.

The Indexes are calculated and disseminated once per second from 9:30:01 to 17:16:00 Eastern Time (ET) in GBP. The closing value of the Index(es) may change up until 17:15:00 ET due to corrections to the Last Sale Price of the Index Securities.

¹ Free float factors are provided by Thomson Reuters.

² For purposes of this document, Last Sale Price refers to the last regular way trade reported on such security's Index Market. The Index Market is the listing market for which prices are received and used by Nasdaq in the Index calculation and generally will represent the most liquid trading market of the Index Security. If a security does not trade on its Index Market on a given day or the Index Market has not opened for trading, the most recent last sale price from the Index Market (adjusted for corporate actions, if any) is used. For securities where Nasdaq is Index Market, the Last Sale Price may be the Nasdaq Official Closing Price (NOCP) when Nasdaq is closed.

Eligibility

Index eligibility is limited to specific security types only. The security types eligible for the Index include common stocks and ordinary shares.

Eligibility Criteria

To be eligible for inclusion in the Index a security must meet the following criteria:

- be listed on the London Stock Exchange;
- be a member of the NASDAQ UK Index (NQGB);
- have a minimum three-month average daily dollar trading volume of GBP 1 million;
- have at least five consecutive years of increasing annual regular dividends based on ex-date;
- one security per issuer is permitted. If an issuer has multiple securities, the security with the highest three-month average daily dollar trading volume will be selected for possible inclusion into the Index;
- the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible; and
- the issuer may not be issued by an issuer currently in bankruptcy proceedings.

Index Evaluation

The Index Securities are evaluated annually in March. The above Eligibility Criteria are applied using market data through the end of December. Securities meeting the criteria are included in the Index. Security additions and deletions are made effective after the close of trading on the third Friday in March.

Index Maintenance

Changes in the price and/or Index Shares driven by corporate events such as stock dividends, stock splits, and certain spin-offs and rights issuances that are in the money are adjusted on the ex-date. A change in the total shares outstanding arising from other corporate actions including, secondary offerings, stock repurchases, conversions and acquisitions is ordinarily made to the Index on the evening prior to the effective date of such corporate action or as soon as practicable thereafter.

Changes to the free float factor will be made as soon as practical.

A special cash dividend announced by the listing exchange, will result in an adjustment to the Last Sale Price of an Index Security prior to market open on the ex-date for the special amount distributed. A special dividend may also be referred to as extra, extraordinary, non-recurring, one-time, unusual, etc.

Ordinarily, whenever there is a change in an Index Security or a change to the price of an Index Security due to spin-offs, rights issuances or special cash dividends as mentioned above, the divisor is adjusted to ensure that there is no discontinuity in the value of the Index which might otherwise be caused by any such change.

If at any time during the year other than the Evaluation, an Index Security no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index, the security is removed from the Index and is not replaced. Additionally, at each

month-end, if an Index Security suspends its dividend payments based on the prior ex-date of the last dividend distributed, then the Index Security will be removed from the Index after the close of trading on the third Friday of the following month. In all cases, a security is removed from the Index at its Last Sale Price. If, however, at the time of its removal the Index Security is halted from trading on its primary listing market and an official closing price cannot readily be determined, the Index Security may, in Nasdaq's discretion, be removed at a zero price. The zero price will be applied to the Index Security after the close of the market but prior to the time the official closing value of the Index is disseminated, which is ordinarily 17:16:00 ET.

Nasdaq may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity.

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