



INDEX METHODOLOGY

NASDAQ MUNICIPAL BOND CEF HIGH INCOME™ INDEX

YLDM™

INDEX DESCRIPTION

The Nasdaq Municipal Bond CEF High Income Index is designed to measure the returns and income of a select 30 U.S.-listed Municipal Bond Closed-End Funds.

SECURITY ELIGIBILITY CRITERIA

To qualify for index inclusion, securities must meet the following Security Eligibility Criteria, which are applied as of the Reconstitution reference date.

Security types

A security must be a tax-exempt municipal bond closed-end fund and not an operating company, exchange-traded fund (ETF), holding company, commodity pool, or Real Estate Investment Trust (REIT).

Listing exchanges

A security must be listed on The Nasdaq Stock Market® (Nasdaq®), the New York Stock Exchange, NYSE American, NYSE Arca, or the CBOE Exchange.

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, or other events as described in Section 3 of **Corporate Actions and Events Manual – Equities**.

CONSTITUENT SELECTION

Constituent selection process

An Index Reconstitution is conducted semiannually based on the Reconstitution reference date.

Securities that meet the applicable *Security Eligibility Criteria* are considered for inclusion based on their respective Tier classification and selection process as defined herein.

To be considered a “Tier 1 Fund”, a security (“fund”) must meet the following criteria:

- Have Net Assets of at least \$500 million (USD).
- Have a six-month average daily value traded (“Fund Average Daily Value Traded”) of at least \$1 million (USD).
- Have a Fund Yield that is greater than or equal to 1.2 times the median Fund Yield of dividend-paying funds within the municipal bond closed-end fund universe (“CEF Universe”).
- Have a fund share price premium / discount to net asset value (“Fund Premium / Discount”) that is not in the top 25th percentile of the CEF Universe.
- Have an Expense Ratio that is less than or equal to 6%.

To be considered a “Tier 2 Fund”, a fund must meet the following criteria:

- Have Net Assets of at least \$250 million (USD).
- Have a Fund Average Daily Value Traded of at least \$800 thousand (USD).
- Have a Fund Yield that is greater than or equal to the median Fund Yield of dividend-paying funds within the CEF Universe.
- Have a Fund Premium / Discount that is not in the top 10th percentile of the CEF Universe.
- Have an Expense Ratio that is less than or equal to 6%.

Index Securities are selected according to the following steps:

1. Rank each fund by the following criteria:
 - a. Fund Yield (descending)
 - b. Fund Premium / Discount (ascending)
 - c. Fund Average Daily Value Traded (descending)
2. Calculate a Combined Rank Score (“CRS”) for each fund using the following calculation:

$$CRS_i = \frac{2R_i^{Yld} + R_i^{PD} + R_i^{Liq}}{4}$$

where:

CRS_i = Combined Rank Score of each fund

R_i^{Yld} = Rank of Fund Yield

R_i^{PD} = Rank of Fund Premium / Discount

R_i^{Liq} = Rank of Fund Average Daily Value Traded

3. Assign each fund an Overall Rank based on its CRS in ascending order, whereby the fund with the lowest CRS receives an Overall Rank of 1.

In case of a tie, the fund with the lower Rank of Fund Yield will have a lower Overall Rank.

4. Select the Tier 1 funds with Overall Ranks 1 through 30. If Step 4 produces less than 30 Index Securities, proceed to Step 5. Otherwise, the selection process is completed.
5. Select the Tier 2 Funds with the lowest Overall Rank, following steps 1 through 3 until the Index either reaches a total of 30 Index Securities, or the list of eligible Tier 2 Funds is exhausted, whichever comes first.
6. If Step 5 produces less than 30 Index Securities, proceed to Step 7. Otherwise, the selection process is completed.
7. Select the remaining Funds with the lowest Overall Rank, not already selected as Tier 1 or Tier 2 Funds, following steps 1 through 3 until the Index reaches a total of 30 Index Securities.

CONSTITUENT WEIGHTING

Constituent weighting scheme

The Index is a modified Fund Yield-weighted index.

Constituent weighting process

An Index Rebalance is conducted semiannually based on the Rebalance reference date.

Initial Index Security Weights (“Initial Weights”) are determined as follows:

- Each Index Security’s initial weight is determined by dividing its fund yield by the total fund yield of all Index Securities.

Initial Weights are then adjusted iteratively to comply with their maximum weight constraints (“Max Weights”), defined as the lesser of the following constraints:

- No Index Security may exceed 5%.
- No Index Security may exceed the ratio of 10 days of an Index Security’s Fund Average Daily Traded Value divided by 110% of Amplify High Income ETF’s (Ticker: YYYYM) net assets.
- No Index Security may exceed the ratio of 2.7% of an Index Security’s Net Assets divided by

110% of YYYYM's net assets.

During Index weight adjustment, any excess weight from an Index Security exceeding its Max Weight is redistributed proportionally to other Index Securities based on their capacity, which is the available weight that can still be allocated to them.

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

INDEX CALENDAR

Reconstitution & Rebalancing schedule

Reconstitution Frequency	Semiannually
Rebalance Frequency	Semiannually
Reconstitution Reference Dates	Third Friday of December and June
Reconstitution Announcement Dates	After the close on the sixth trading day prior to the Reconstitution effective dates
Reconstitution Effective Dates	At market open on the first trading day following the third Friday of January and July, respectively
Rebalance Reference Dates	Same as Reconstitution reference dates
Rebalance Announcement Dates	Same as Reconstitution announcement dates
Rebalance Effective Dates	Same as Reconstitution effective dates

Holiday schedule

The Index is calculated Monday through Friday, except on days when the U.S. markets are closed.

Index calculation and dissemination schedule

Index Values are made available on each trading day via the Nasdaq Global Index Watch (GIW) website at <https://indexes.nasdaqomx.com/>. Where applicable, Index values are available throughout the trading day.

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 a merger, acquisition or other major corporate event that would otherwise adversely affect the integrity of the Index. Refer to the **Corporate Actions and Events Manual – Equities** for further information.

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 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 the 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.nasdaq.com>.

For more information on the general Index Announcement procedures, refer to the **Nasdaq Index Methodology Guide**.

Unexpected market closures

For information on Unexpected Market Closures, 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), refer to the **Calculation Manual – Equities and Commodities**.

Recalculation and restatement policy

For information on the Recalculation and Restatement Policy, refer to the **Nasdaq Index Recalculation Policy**.

Data sources

For information on data sources, refer to the **Nasdaq Index Methodology Guide**.

Contact information

For any questions regarding an Index, 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.nasdaq.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, refer to the **Nasdaq Index Methodology Guide**.

Website

For further information, refer to Nasdaq GIW website at <https://indexes.nasdaq.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

All Nasdaq Indexes are managed by the governance committee structure and have transparent governance, oversight, and accountability procedures for the Index determination process. For further

details on the Index Methodology and Governance overlay, refer to the **Nasdaq Index Methodology Guide**.

GLOSSARY OF TERMS AS USED IN THIS DOCUMENT

For the glossary of key terms, 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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