



INDEX METHODOLOGY

NASDAQ-100 ENHANCED GROWTH™ INDEX

NDXEG™

INDEX DESCRIPTION

The Nasdaq-100 Enhanced Growth Index is designed to track the performance of the 30 securities from the Nasdaq-100 Index® (NDX®) with the highest composite factor ranking. Securities are assigned a composite factor ranking using a multifactor ranking model, which is based on multiple fundamental metrics such as Gross Margin Sharpe, R&D Expenses as a % of Sales, Sales Per Share Growth and Forward Earnings Per Share Growth.

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, unless stated otherwise.

Security universe

A security must be included in the Nasdaq-100 Index® (NDX®) as of the Reconstitution effective date. Please refer to the NDX® methodology for further information.

Multiple classes of securities

One security per company is permitted. If a company has multiple otherwise-eligible securities, one of which is an Index Security as of the Reconstitution reference date, only that Index security may be eligible; otherwise, only the security with the highest twelve-month average daily value traded (ADVT) may be eligible.

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 generally 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 meeting all applicable *Security Eligibility Criteria* are considered for inclusion in the Index. All eligible securities are selected based on a multifactor ranking process that scores securities based on four unique fundamental metrics to derive a composite factor ranking.

The metrics that are used to create the composite factor ranking are:

- **Gross Margin Sharpe.** Measured as the ratio of a firm's average quarter gross margin to the standard deviation of a firm's quarter gross margin over the trailing three years.

$$\text{Gross Margin Sharpe} = \frac{\text{Avg}(\text{Gross Margin}_{Y-3,Q1}, \dots, \text{Gross Margin}_{Y,Qi})}{\text{Std}(\text{Gross Margin}_{Y-3,Q1}, \dots, \text{Gross Margin}_{Y,Qi})}$$

where Y = current year and i = latest quarter, based on the Reconstitution reference date

- **R&D Expenses as a % of Quarter Sales.** Measured as the average ratio of quarter R&D expenses relative to quarter sales over the trailing three years.

R&D Expenses as a % of Quarter Sales =

$$\text{Avg}((\text{R\&D Expense/Sales})_{Y-3,Q1}, \dots, (\text{R\&D Expense/Sales})_{Y,Qi})$$

where Y = current year and i = latest quarter, based on the Reconstitution reference date

- **3-Year Sales Per Share Average Growth Rate.** This is calculated as the security's latest trailing 12-month sales per share divided by the security's 12-month sales per share as of 3 years ago (36 months before). The growth rate is then averaged.

$$\text{3Y Sales Per Share Average Growth Rate} = \left(\frac{(\text{Sales Per Share}_Y - \text{Sales Per Share}_{Y-3})}{(\text{Sales Per Share}_{Y-3})} \right) / 3$$

- a. For securities without a sales per share value as of 3-years ago, the sales per share value as of 2-years ago is utilized. If both the sales per share value as of 3-years ago and sales per share as of 2-years ago are not available, the sales per share value as of 1-year ago is utilized. The growth rate is averaged based on the available sales per share value utilized in the calculation.
- **2-Year Forward Earnings Per Share ("Forward EPS") Estimate Average Growth Rate.** This is calculated as a security's 2-year Forward EPS estimate divided by the company's trailing 12-month Earnings Per Share ("EPS"). The growth rate is then averaged.

$$2Y \text{ Forward EPS Estimate Average Growth Rate} = \frac{(Forward \text{ EPS}_{Y+2} - EPS_Y)}{abs(EPS_Y)} / 2$$

- a. For securities without a Forward EPS 2-year value, the Forward EPS 1-year value is utilized. The growth rate is averaged based on the available Forward EPS value utilized in the calculation.

If a security is missing raw data required for the calculation of one of the metrics, the composite factor ranking is calculated based on the metrics with available data. If a security is missing data required for the calculation of more than one of the four metrics, the security is ineligible for index inclusion.

All fundamental metrics input data are applied as of the Reconstitution reference date.

Reference Dates Example:

- June 2025 Reconstitution: Uses fundamental data from the last trading day of May 2022 through the last trading day of May 2025, and the forecast date for the 2-year EPS estimate from analysts would be May 2027.

Ranking Process

Each security is ranked according to each individual metric in ascending order, with a rank of 1 representing the highest metric value. In the event of a tie in an individual metric ranking, the security with the higher free float market capitalization is given the better rank. The composite factor ranking is computed by taking the average of all available factor ranks across securities.

Index Selection and Buffer Rule

Securities are sorted by their composite factor ranking in ascending order, and current Index constituents with a composite factor ranking ≤ 33 are selected for index inclusion. The remaining securities are then selected based on their composite factor ranking until 30 securities are selected. In the event of a tie in the composite factor ranking, the security with the highest free float market capitalization is selected.

CONSTITUENT WEIGHTING

Constituent weighting scheme

The Index is a modified free float market capitalization-weighted index.

Constituent weighting process

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

The weighting process uses security-level weights, which are derived using the free float market capitalization of each security.

Each Index Security’s initial weight is determined by dividing its Free Float Market Value by the aggregate Free Float Market Value of all Index Securities.

Initial weights are then adjusted to meet the following constraints:

- No Index security weight may exceed 15%
- The aggregate weight of the top 5 securities by free float market capitalization may not exceed 65%.

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	Last trading day of May and November, respectively
Reconstitution Announcement Dates	After the close on the sixth trading day prior to the Reconstitution effective date
Reconstitution Effective Dates	At market open on the first trading day following the third Friday in June and December, respectively
Rebalance Reference Dates	Last trading day of May and November, respectively
Rebalance Announcement Dates	After the close on the sixth trading day prior to the Rebalance effective date
Rebalance Effective Dates	At market open on the first trading day following the third Friday in June and December, respectively

Holiday schedules

The Indexes are calculated Monday through Friday, except on days when the US 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

Constituents removed from the Nasdaq-100 Index® (NDX®) are removed from the Index simultaneously.

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. The 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 Guide**.

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 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.

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**.

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

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.

Neither Nasdaq, Inc., its third-party providers, nor any of their respective affiliates (collectively "Corporations") make 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.**