



# Innovation Meets Sustainability

Nasdaq Next Generation 100 ESG™ Index (NGXESG™)

June 2025 Reconstitution

June 2025 Reconstitution

# NGXESG Index Objectives

- Reduce the degree to which the portfolio's economic value is at risk because of Environmental, Social, and Governance (ESG) factors, or more technically, aim to significantly improve the portfolio's Sustainalytics ESG Risk Rating Score;
- Exclude enterprises that create reputational risks or violate fundamental values;
- Eliminate business exposures that are off-limit for most ESG-conscious investors and
- Aim to deliver similar performance to the Nasdaq Next Generation 100™ Index (NGX™) (very low tracking error).



June 2025 Reconstitution

# NGXESG Index Mechanics

- At all times, the Nasdaq Next Generation 100 ESG Index (NGXESG) consists of a selection of securities in the Nasdaq Next Generation 100 Index.
- The Nasdaq Next Generation 100 Index is reconstituted annually in December.
- The ESG characteristics of the underlying issuers are re-evaluated each quarter (March, June, December, and December). Hence, there is an NGXESG reconstitution and rebalancing each quarter.
- Securities removed from the Nasdaq Next Generation 100 Index outside of a reconstitution are removed from the Nasdaq Next Generation 100 ESG Index and are not replaced.



June 2025 Reconstitution

# NGXESG Weighting Scheme

- The Nasdaq Next Generation 100 ESG Index is a modified market capitalization-weighted index that considers a company's ESG Risk Rating Score as an adjustment factor.
- Two factors play into the index weight of an issuer:
  - The Nasdaq Next Generation 100 Market Value, and
  - The ESG Risk Rating Score.
- In general, for each issuer:
  - Everything else equal, the higher the weight in the Nasdaq Next Generation 100 and/or the better the ESG Risk Rating Score, the higher the weight in the NGXESG Index, and vice versa.



June 2025 Reconstitution

# NGXESG™ ESG Exclusions: 17

Symbol	Company Name	ICB Industry	Nasdaq Next Generation 100 ESG: Reason(s) for Exclusion	Nasdaq Next Generation 100™ Weight (%)
EXE	Expand Energy	Energy	ESG Risk Rating Score is greater than 40 Revenue from oil & gas production and shale energy extraction	1.72
DKNG	DraftKings	Consumer Discretionary	Revenue from gambling operations	1.29
ESLT	Elbit Systems	Industrials	Revenue from military contracting weapons, small arms military/law enforcement and riot control protection equipment and riot control weapons	1.22
CASY	Casey's General Stores	Consumer Staples	Revenue from tobacco products – retail	1.14
EVRG	Evergy	Utilities	Revenue from nuclear production, oil & gas generation and thermal coal power generation	0.96



Data as of 6/30/2025

Sources: Sustainalytics, Nasdaq Global Indexes.

June 2025 Reconstitution

# NGXESG™ ESG Exclusions: 17

Symbol	Company Name	ICB Industry	Nasdaq Next Generation 100 ESG: Reason(s) for Exclusion	Nasdaq Next Generation 100™ Weight (%)
LNT	Alliant Energy	Utilities	Revenue from oil & gas generation and thermal coal power generation	0.94
ALAB	Astera Labs	Technology	ESG Risk Rating Score is greater than 40	0.91
WWD	Woodward	Industrials	Revenue from military contracting weapon-related products and/or services, and oil & gas supporting products/services	0.89
TLN	Talen Energy	Utilities	ESG Risk Rating Score is greater than 40. Revenue from nuclear production, oil & gas generation and thermal coal power generation	0.82
TXRH	Texas Roadhouse	Consumer Discretionary	Revenue from alcoholic beverages – retail	0.76



Data as of 6/30/2025

Sources: Sustainalytics, Nasdaq Global Indexes.

June 2025 Reconstitution

# NGXESG™ ESG Exclusions: 17

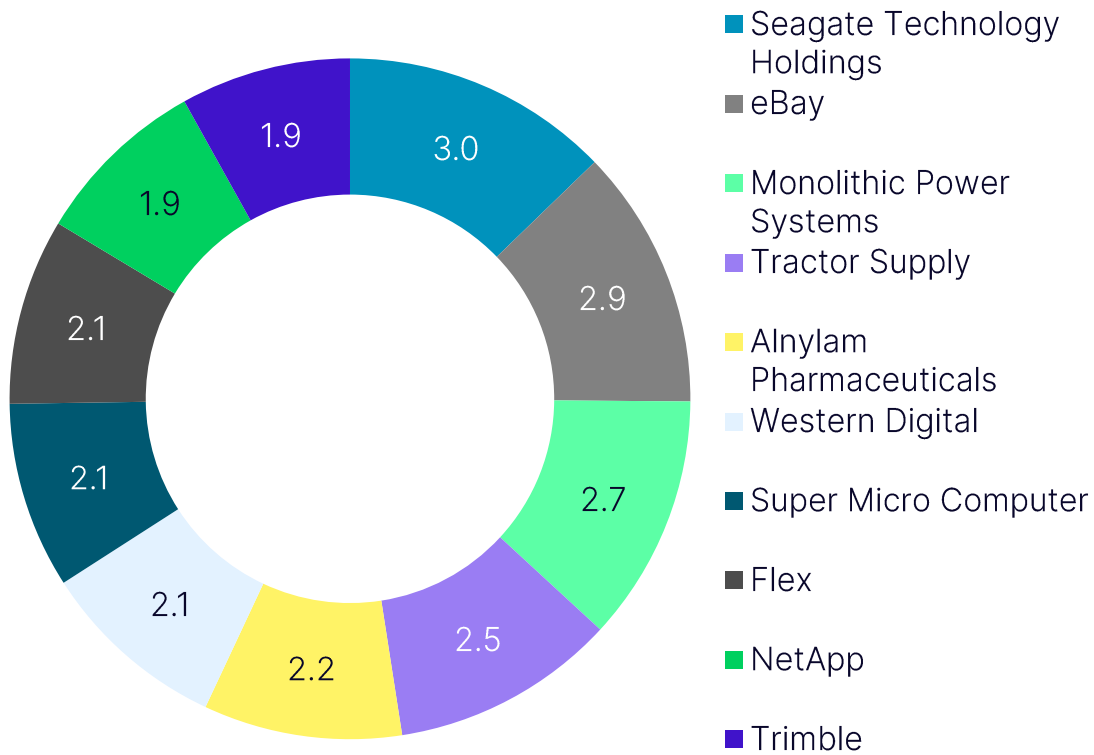
Symbol	Company Name	ICB Industry	Nasdaq Next Generation 100 ESG: Reason(s) for Exclusion	Nasdaq Next Generation 100™ Weight (%)
BIDU	Baidu	Technology	Global Standards Screening non-compliance	0.74
FTAI	FTAI Aviation	Industrials	ESG Risk Rating Score has not yet been determined	0.74
CART	Maplebear	Technology	ESG Risk Rating Score is greater than 40	0.71
PPC	Pilgrim's Pride	Consumer Staples	ESG Risk Rating Score is greater than 40	0.64
SNDK	SanDisk	Technology	ESG Risk Rating Score has not yet been determined	0.42
LLYVK	Liberty Media – Class C	Consumer Discretionary	ESG Risk Rating Score has not yet been determined	0.31
LLYVA	Liberty Media – Class A	Consumer Discretionary	ESG Risk Rating Score has not yet been determined	0.12



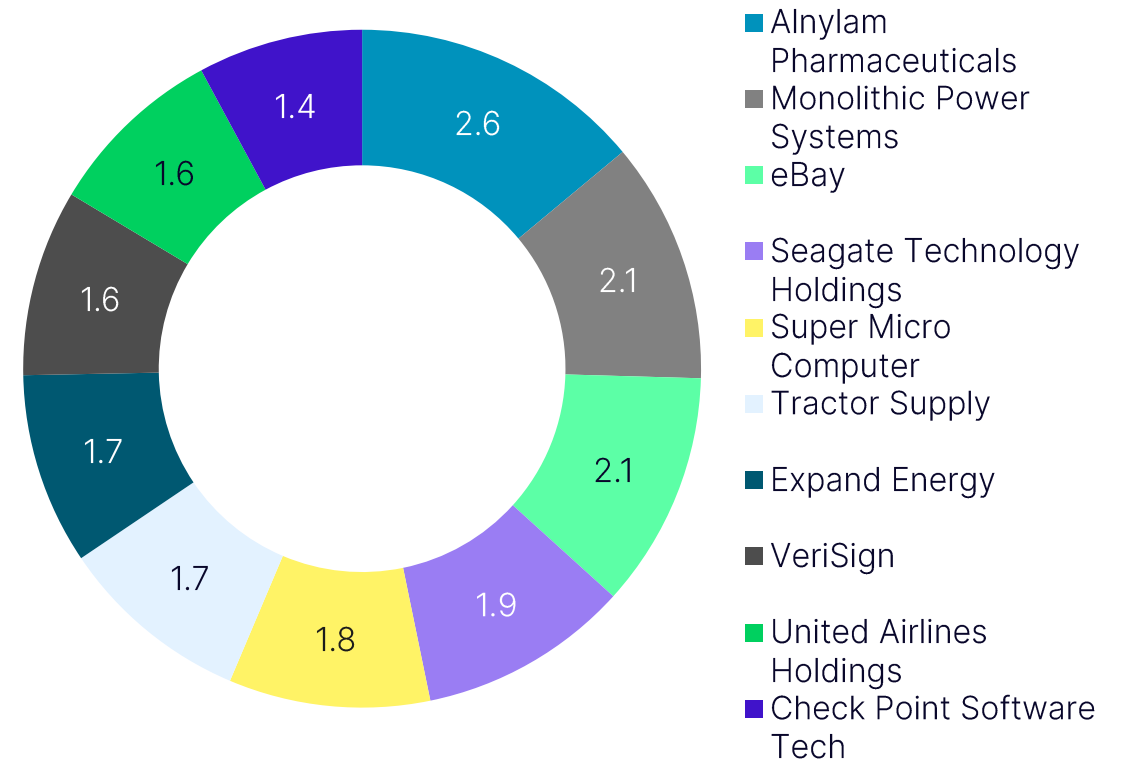
June 2025 Reconstitution

# Top 10 Constituents by Index Weight (%)

NGXESG  
Top 10 Weight = 23.4%



NGX  
Top 10 Weight = 18.4%

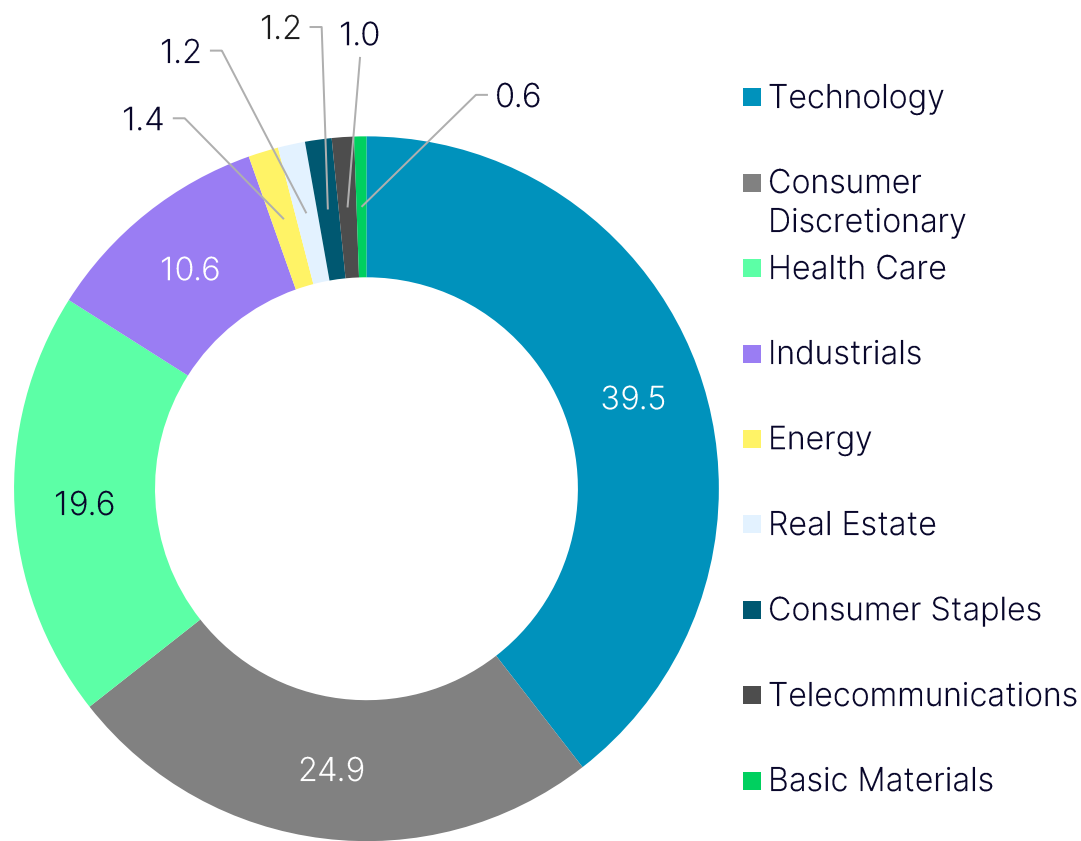




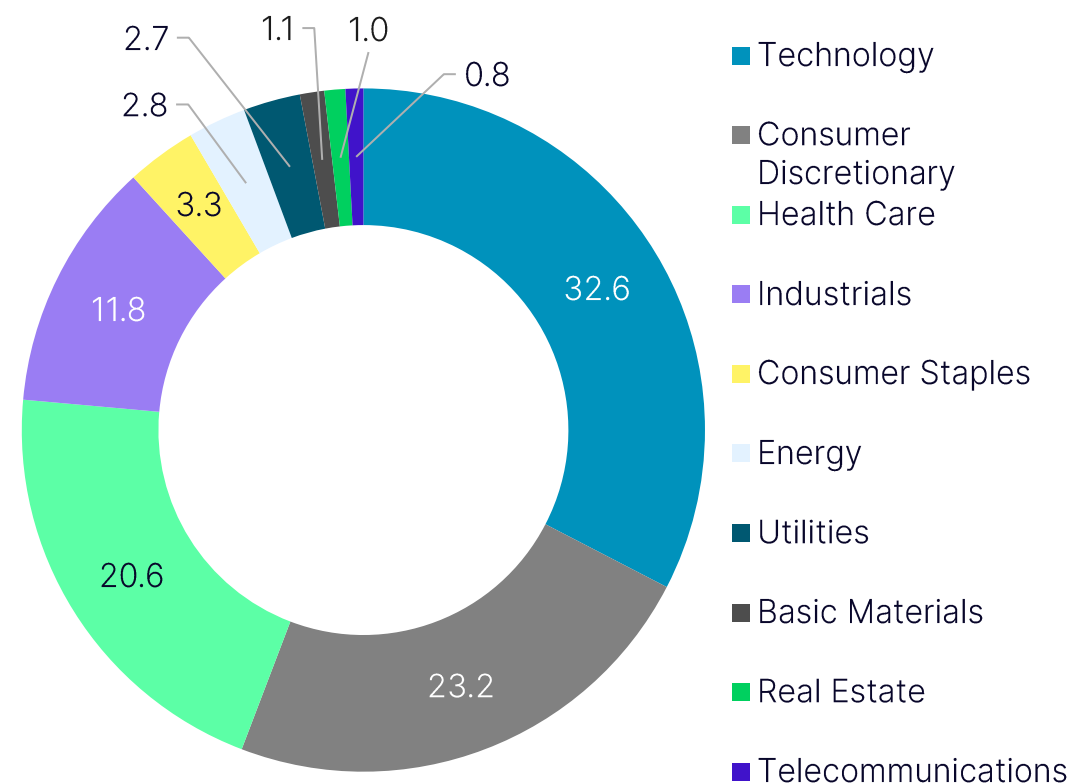
June 2025 Reconstitution

# Sector Exposure by Index Weight (%)

NGXESG Index Weight by ICB Industry

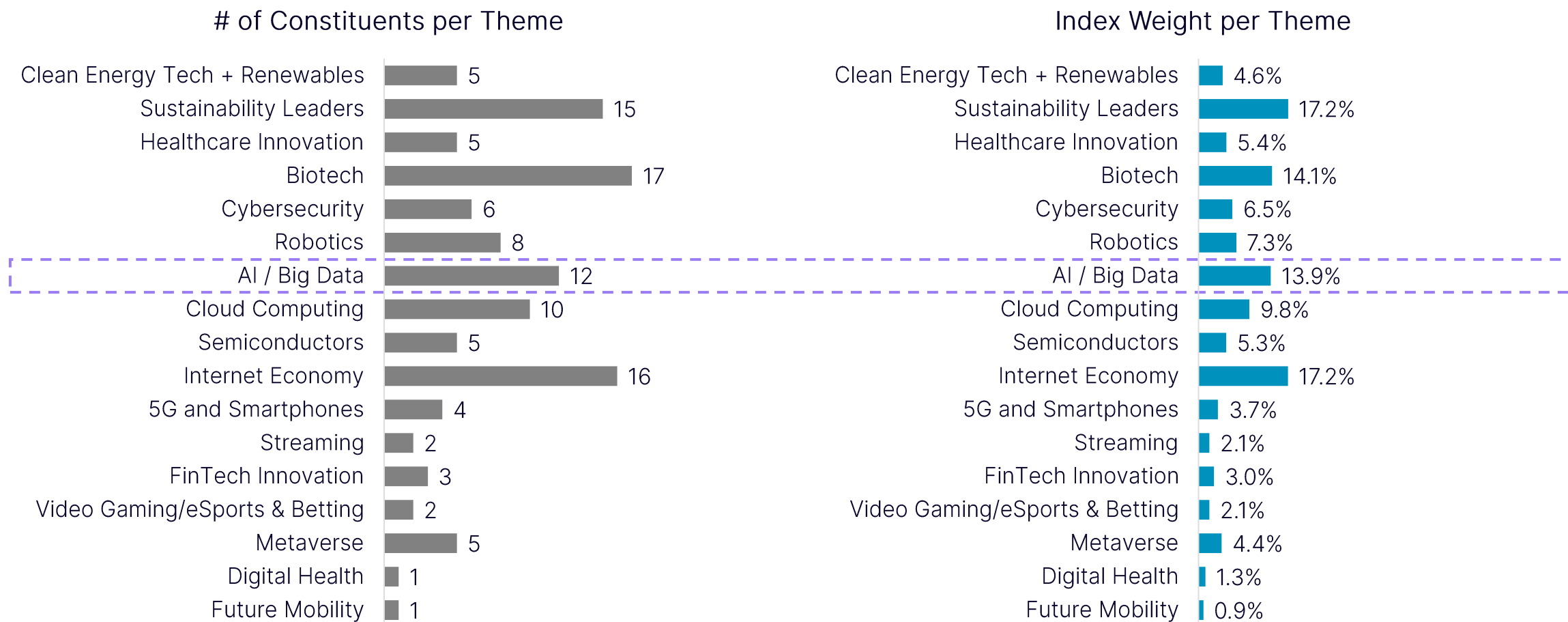


NGX Index Weight by ICB Industry



June 2025 Reconstitution

# Nasdaq Next Generation 100 by Thematic Exposures



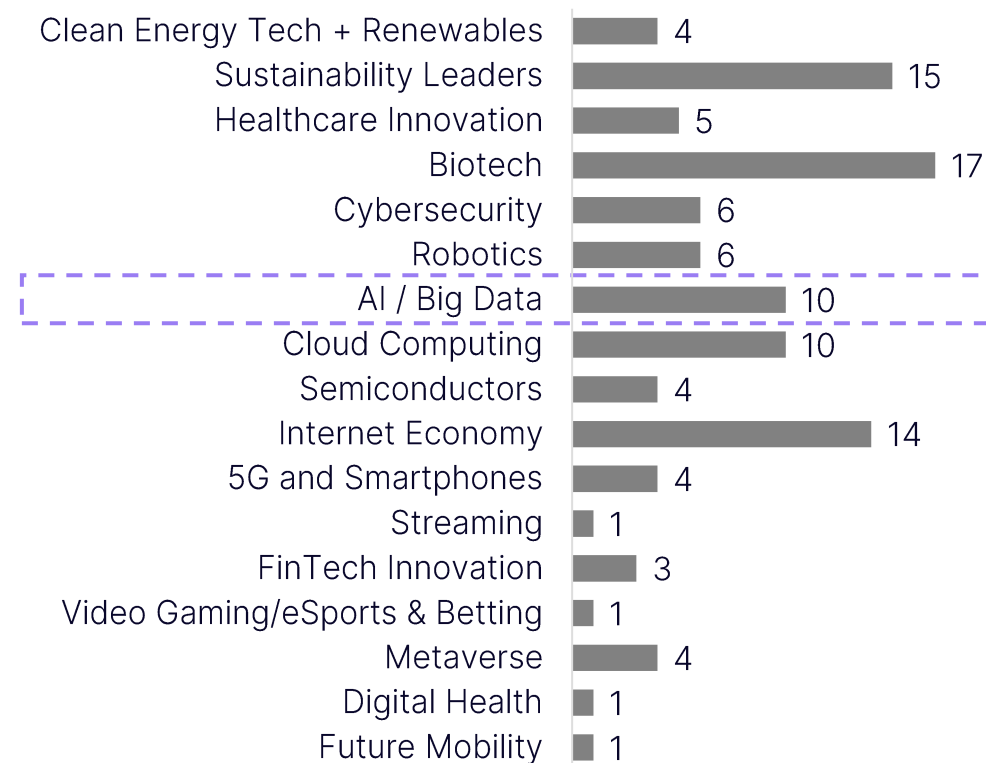
Source: Nasdaq, FactSet. Data as of 6/30/2025.

Based on overlap with existing Nasdaq Thematic Indexes, except for 5G and Smartphones, Streaming, and Video Gaming/eSports & Betting where competitor products were analyzed.

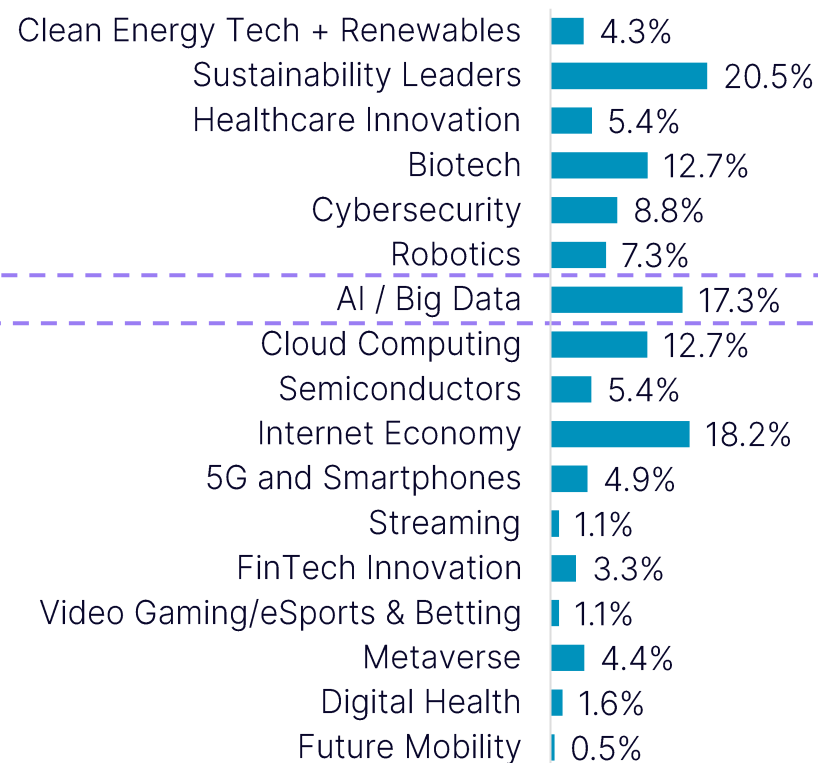
June 2025 Reconstitution

# Nasdaq Next Generation 100 ESG by Thematic Exposures

# of Constituents per Theme



Index Weight per Theme



Source: Nasdaq, FactSet. Data as of 6/30/2025.

Based on overlap with existing Nasdaq Thematic Indexes, except for 5G and Smartphones, Streaming, and Video Gaming/eSports & Betting where competitor products were analyzed.

June 2025 Reconstitution

# Top 10 Largest Overweights: NGXESG vs. NGX

Symbol	Company Name	ICB Industry	NGXESG Weight (%)	NGX Weight (%)	Weight Difference (%)
STX	Seagate Technology Holdings	Technology	3.0	1.9	1.1
FLEX	Flex	Technology	2.1	1.1	0.9
EBAY	eBay	Consumer Discretionary	2.9	2.1	0.8
TSCO	Tractor Supply	Consumer Discretionary	2.5	1.7	0.8
TRMB	Trimble	Industrials	1.9	1.1	0.8
WDC	Western Digital	Technology	2.1	1.4	0.7
ZBRA	Zebra Technologies A	Industrials	1.6	0.9	0.7
NTAP	NetApp	Technology	1.9	1.3	0.6
LOGI	Logitech International	Technology	1.4	0.8	0.6
MPWR	Monolithic Power Systems	Technology	2.7	2.1	0.6



June 2025 Reconstitution

# Top 10 Largest Underweights: NGXESG vs. NGX

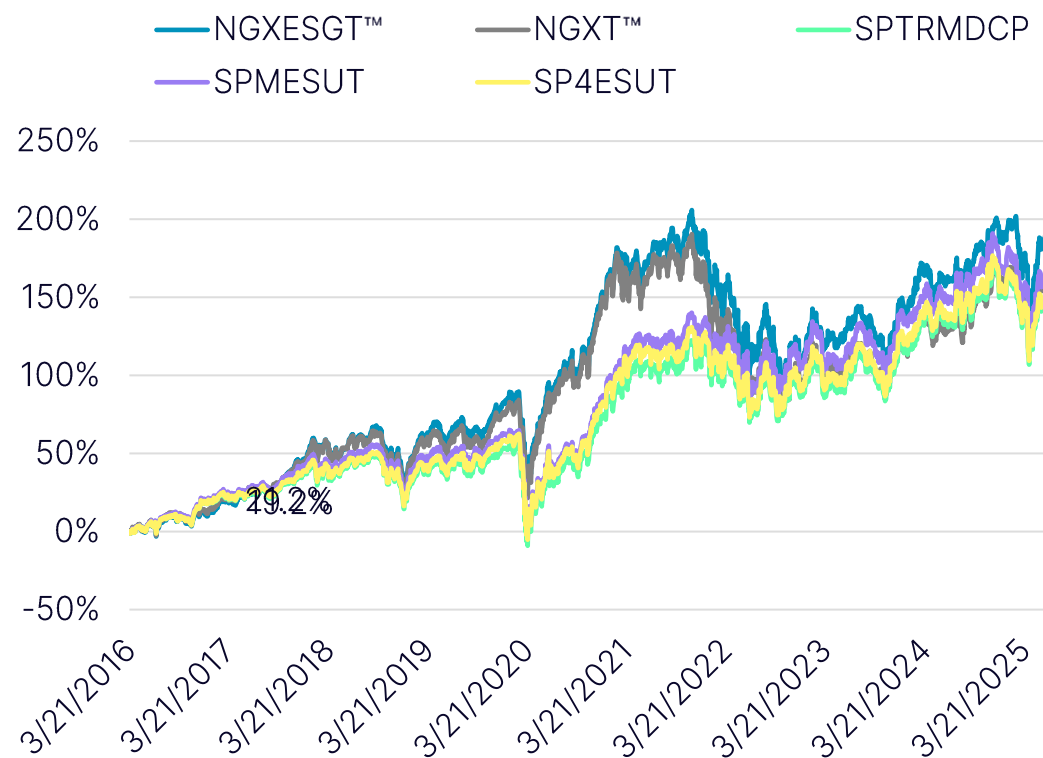
Symbol	Company Name	ICB Industry	NGXESG Weight (%)	NGX Weight (%)	Weight Difference (%)
STLD	Steel Dynamics	Basic Materials	0.6	1.1	-0.6
NTRA	Natera	Health Care	0.8	1.4	-0.6
RIVN	Rivian Automotive A	Consumer Discretionary	0.5	0.9	-0.4
UAL	United Airlines Holdings	Consumer Discretionary	1.2	1.6	-0.4
ALNY	Alnylam Pharmaceuticals	Health Care	2.2	2.6	-0.4
RPRX	Royalty Pharma A	Health Care	0.6	0.9	-0.4
SMMT	Summit Therapeutics	Health Care	0.7	1.0	-0.2
INSM	Insmed	Health Care	0.9	1.1	-0.2
NDSN	Nordson	Industrials	0.5	0.7	-0.2
JD	JD.com ADR	Consumer Discretionary	0.8	0.9	-0.2

June 2025 Reconstitution

# Performance – NGXESG vs. NGX

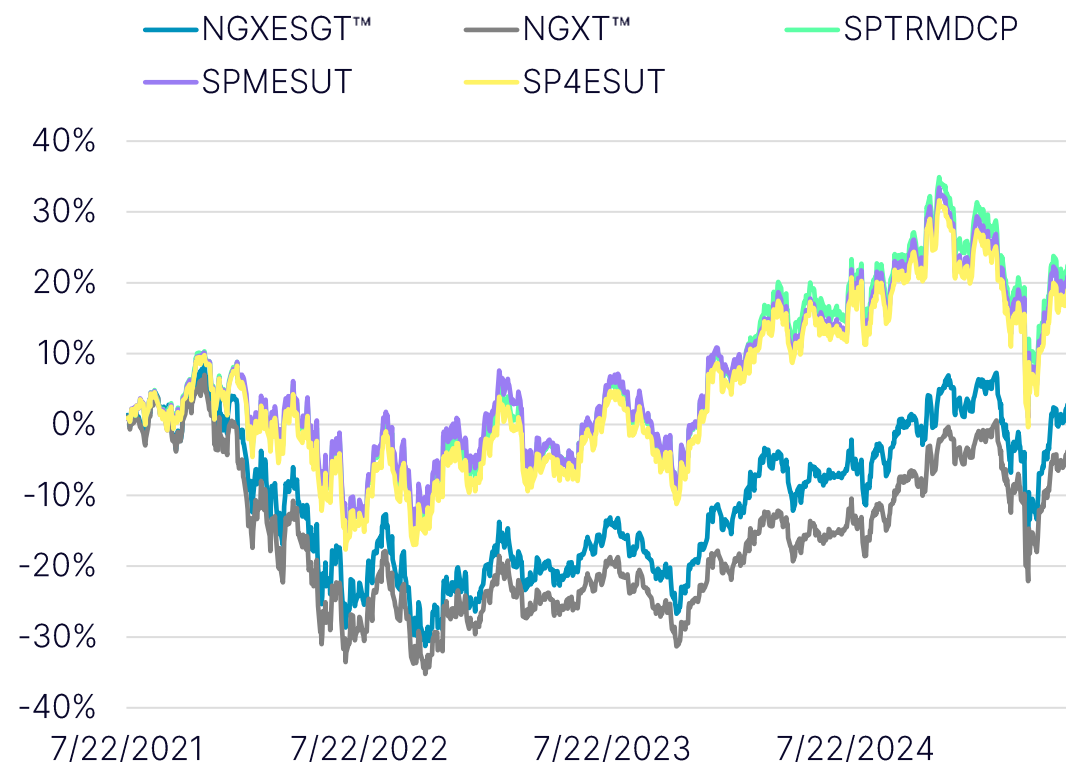
Since Beginning of NGXESG Backtest

3/21/2016 – 6/30/2025



Since NGXESG Inception

7/22/2021 – 6/30/2025



June 2025 Reconstitution

# ESG Comparisons – NGXESG vs. NGX

Index Name	Benchmark Index	# of Securities	% Exclusion from the Benchmark	Sustainalytics ESG Risk Score	
				Weighted Average	Simple Average
Nasdaq Next Generation 100™ Index	--	107	--	21.1	21.5
Nasdaq Next Generation ESG 100™ Index	Nasdaq Next Generation 100™	90	16%	18.0	20.0
S&P MidCap 400 Index	--	400	--	22.7	22.9
S&P MidCap 400 Sustainability Screened Index	S&P MidCap 400	362	10%	22.0	22.0
S&P MidCap 400 ESG Index	S&P MidCap 400	278	31%	21.3	21.3



Data as of 6/30/2025.

Source: Nasdaq Global Indexes, Sustainalytics, FactSet, Bloomberg.

# RESOURCES





## RESOURCES

# Nasdaq Next Generation 100 ESG™ Index (NGXESG™)

- Overview
  - <https://indexes.nasdaqomx.com/Index/Overview/NGXESG>
- Methodology
  - [https://indexes.nasdaqomx.com/docs/methodology\\_NGXESG.pdf](https://indexes.nasdaqomx.com/docs/methodology_NGXESG.pdf)
- Research
  - [https://indexes.nasdaqomx.com/docs/NGXESG\\_Research.pdf](https://indexes.nasdaqomx.com/docs/NGXESG_Research.pdf)
- Fact Sheet
  - [https://indexes.nasdaqomx.com/docs/FS\\_NGXESGT.pdf](https://indexes.nasdaqomx.com/docs/FS_NGXESGT.pdf)
- Carbon Credit Report
  - NGXESG: <https://indexes.nasdaqomx.com/docs/Carbon%20Footprint%20Report%20-%20NGXESG.pdf>
  - NGX™: <https://indexes.nasdaqomx.com/docs/Carbon%20Footprint%20Report%20-%20NGX.pdf>



# APPENDIX

## APPENDIX

# NGXESG Exclusions Based on ESG Risk

Companies with a “Severe” ESG Risk Rating Score are automatically disqualified from inclusion.

- A rating of greater than 40 is considered “Severe”; 30-40 is considered “High”; 20-30 is “Medium”; 10-20 is “Low”; and 0-10 is “Negligible”.

Exclude any company that has not been researched yet.



## APPENDIX

# NGXESG Exclusions Based on ESG Risk – continued

- Exclude any company that has a Controversy Rating equal to 5:
  - The Controversy Rating reflects:
    - Incidents with negative Environmental, Social, and Governance (ESG) implications.
    - A company's level of involvement in and how it manages these issues.
  - Categorical scores are on a scale of 1 to 5.



## APPENDIX

# NGXESG Exclusions Based on International Norms

- A company must not violate the United Nations Global Compact and related international norms and standards, such as the Organization for Economic Cooperation and Development (OECD) Guidelines and United Nations (UN) Guiding Principles.
  - 10 principles around human rights, labor, environment, and anti-corruption.
  - <https://www.unglobalcompact.org/what-is-gc/mission/principles>
- Securities are excluded from NGXESG that are classified as non-compliant.
  - Each company in the index is therefore classified as either compliant or on the watch list with the UN Global Compact framework for following international norms.



## APPENDIX

# NGXESG Exclusions Based on Business Involvements

### Business Involvements Considered\*:

1. Energy (Arctic Oil & Gas; Nuclear Power; Oil & Gas; Oil Sands; Shale Energy; Thermal Coal)
2. Health & Life (Alcohol; Recreational Cannabis; Tobacco)
3. Defense & Military (Controversial weapons; Military Contracting; Riot Control; Small Arms)
4. Values-Based (Adult Entertainment; Gambling)



## APPENDIX

# NGXESG Weighting Scheme

$$ESG\ Risk - Adjusted\ NGX\ Market\ Value = \frac{40 - ESG\ Risk\ Rating\ Score}{40} \times NGX\ Market\ Value$$

- Initial security weights are calculated by dividing a security's ESG Risk-Adjusted NGX Market Value by the sum of the ESG Risk-Adjusted NGX Market Values of all Index Securities.
- Afterwards, the same four-stage weight adjustment process as exists for NGX at its annual reconstitution is applied to produce final weights on a quarterly basis for NGXESG.



## APPENDIX

# NGXESG Weighting Scheme – continued

*For Illustrative  
Purposes Only.*

*The information  
included on this  
slide is not based on  
actual data.*

Security	Parent Index Market Value	ESG Risk Rating Score	(40-ESG Risk Rating Score)/40	ESG Adjusted Market Value	Weight in ESG Index (before capping)	Weight in Parent Index	ESG Excess Weight
Company A	157,440,900.96	9.669091	0.76	119,383,139.64	5%	2%	3%
Company B	408,425,550.79	10.14988	0.75	304,788,747.93	12%	5%	7%
Company C	466,765,510.49	10.33926	0.74	346,115,277.80	14%	6%	8%
Company D	337,399,212.20	10.56613	0.74	248,274,134.49	10%	4%	6%
Company E	36,052,270.56	12.02819	0.70	25,211,182.25	1%	0%	1%
Company F	590,398,129.57	16.18527	0.60	351,504,303.67	14%	7%	7%
Company G	268,545,835.16	19.19268	0.52	139,692,956.82	6%	3%	2%
Company H	311,917,708.29	20.84302	0.48	149,385,045.36	6%	4%	2%
Company I	547,470,308.53	22.79236	0.43	235,516,830.87	10%	7%	3%
Company J	24,733,442.74	24.69826	0.38	9,461,619.64	0%	0%	0%
Company K	435,838,825.61	27.38121	0.32	137,493,977.85	6%	5%	0%
Company L	118,577,295.32	27.73561	0.31	36,356,957.07	1%	1%	0%
Company M	307,719,744.86	28.36004	0.29	89,546,103.32	4%	4%	0%
Company N	441,090,355.41	33.1488	0.17	75,549,938.88	3%	6%	-2%
Company O	834,726,757.15	35.35263	0.12	96,982,201.14	4%	10%	-7%
Company P	550,834,597.82	37.24048	0.07	38,001,025.35	2%	7%	-5%
Company Q	269,359,777.85	37.4192	0.06	17,379,073.33	1%	3%	-3%
Company R	844,981,656.98	38.72938	0.03	26,841,302.95	1%	11%	-10%
Company S	359,845,558.64	39.02818	0.02	8,742,612.50	0%	5%	-4%
Company T	646,652,051.08	39.70698	0.01	4,736,994.67	0%	8%	-8%



Source: Nasdaq Global Indexes.



# Disclaimer

Nasdaq® is a registered trademark of Nasdaq, Inc. The information contained above 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. Neither Nasdaq, Inc. nor any of its affiliates makes any recommendation to buy or sell any security or any representation about the financial condition of any company. Statements regarding Nasdaq-listed companies or Nasdaq proprietary indexes are not guarantees of future performance. Actual results may differ materially from those expressed or implied. Past performance is not indicative of future results. Investors should undertake their own due diligence and carefully evaluate companies before investing. **ADVICE FROM A SECURITIES PROFESSIONAL IS STRONGLY ADVISED.**

© 2025. Nasdaq, Inc. All Rights Reserved.

Copyright © 2025 Sustainalytics. All rights reserved. This report contains information developed by Sustainalytics. Such information and data are proprietary of Sustainalytics and/or its third-party suppliers (Third-Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>

