



Innovation Meets Sustainability

Nasdaq Next Generation 100 ESG™ Index

December 2023
Reconstitution

December 2023 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 ESG 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).

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, September, and December). Hence, there is an NGXESG reconstitution and rebalance 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.

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 ESG risk rating, the higher the weight in the NGXESG Index, and vice versa.

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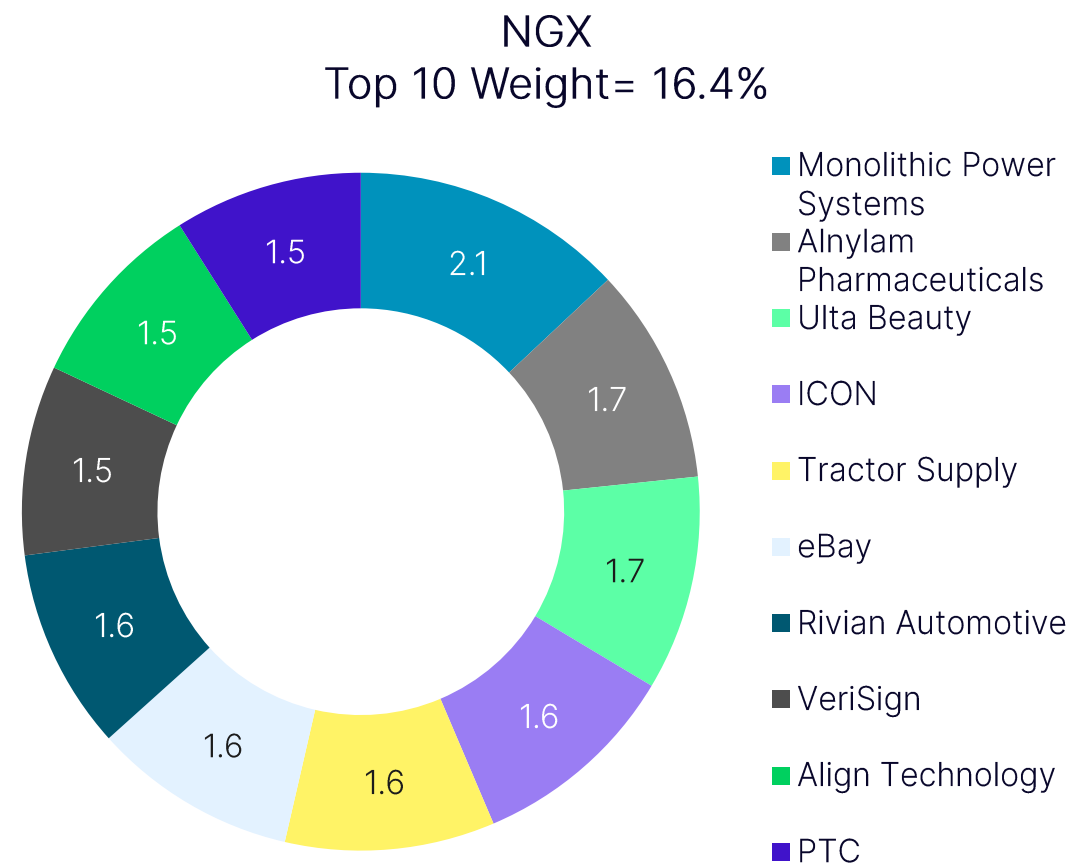
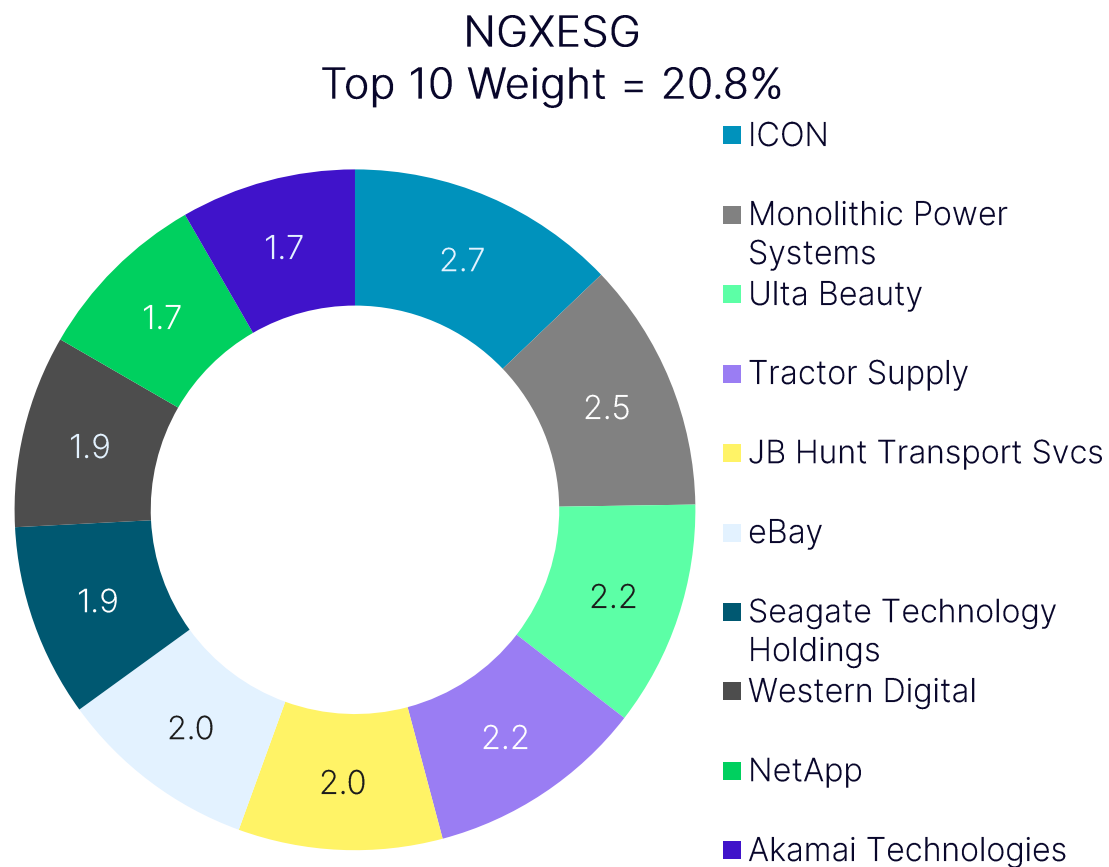
NGXESG™ ESG Exclusions: 13

Symbol	Company Name	ICB Industry	Nasdaq Next Generation 100 ESG: Reason for Exclusion	Nasdaq Next Generation 100® Weight (%)
AXON	Axon Enterprise	Industrials	ESG Risk Rating Score is greater than 40. Manufacture riot control protection equipment and riot control weapons.	1.36
BIDU	Baidu	Technology	Global Standards Screening non-compliance.	1.13
DKNG	DraftKings	Consumer Discretionary	ESG Risk Rating Score has not yet been determined. Revenue from gambling operations.	1.16
LNT	Alliant Energy	Utilities	Revenue from oil & gas generation and thermal coal power generation.	0.92
APA	APA	Energy	ESG Risk Rating Score is greater than 40. Revenue from oil & gas production. Involvement in shale energy extraction and/or production.	0.77
EVRG	Evergy	Utilities	Revenue from nuclear production and thermal coal power generation.	0.84
CHK	Chesapeake Energy	Energy	ESG Risk Rating Score is greater than 40. Revenue from oil & gas production. Involvement in shale energy extraction and/or production.	0.71
CASY	Casey's General Stores	Consumer Staples	Revenue from tobacco products – retail.	0.72
WYNN	Wynn Resorts	Consumer Discretionary	Revenue from gambling operations.	0.72
CZR	Caesars Entertainment	Consumer Discretionary	Revenue from gambling operations.	0.71
CHDN	Churchill Downs	Consumer Discretionary	Revenue from gambling operations.	0.71
WWD	Woodward	Industrials	Revenue from military contracting weapon-related products and/or services, and oil & gas supporting products/services.	0.58
LLYVK	Liberty Media	Consumer Discretionary	ESG Risk Rating Score has not yet been determined.	0.17



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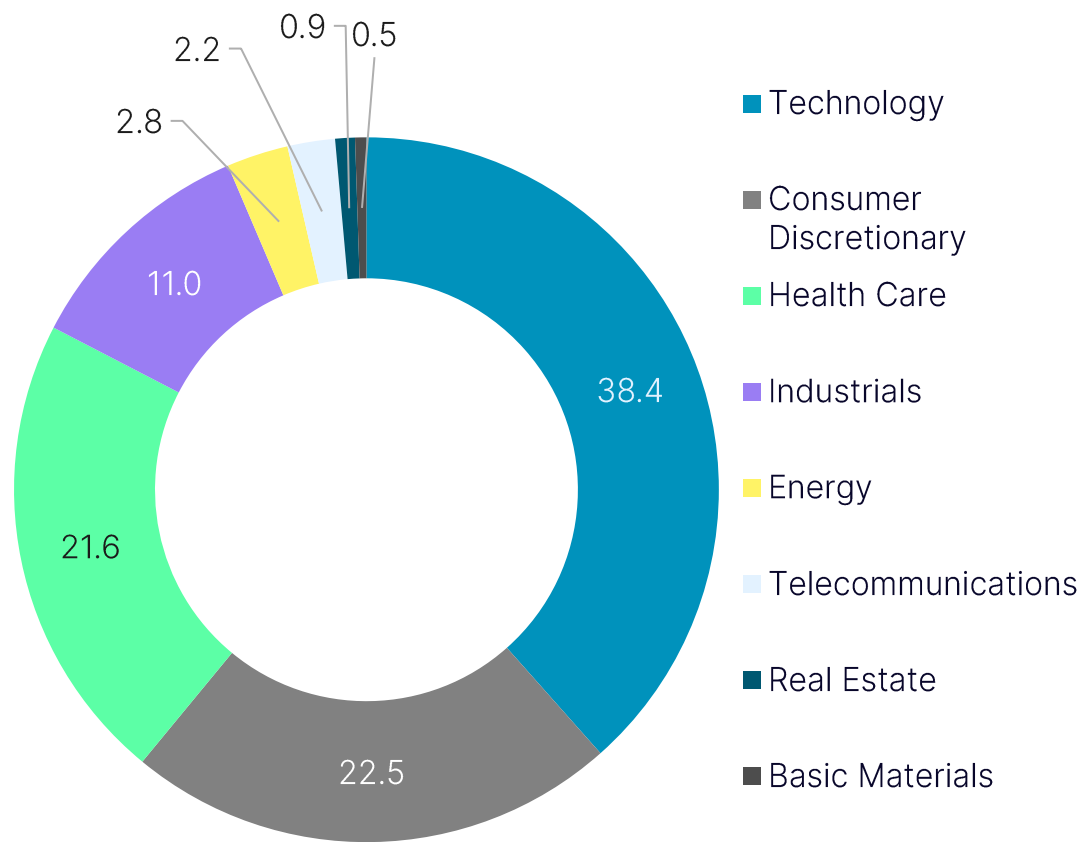
Top 10 Constituents by Index Weight (%)



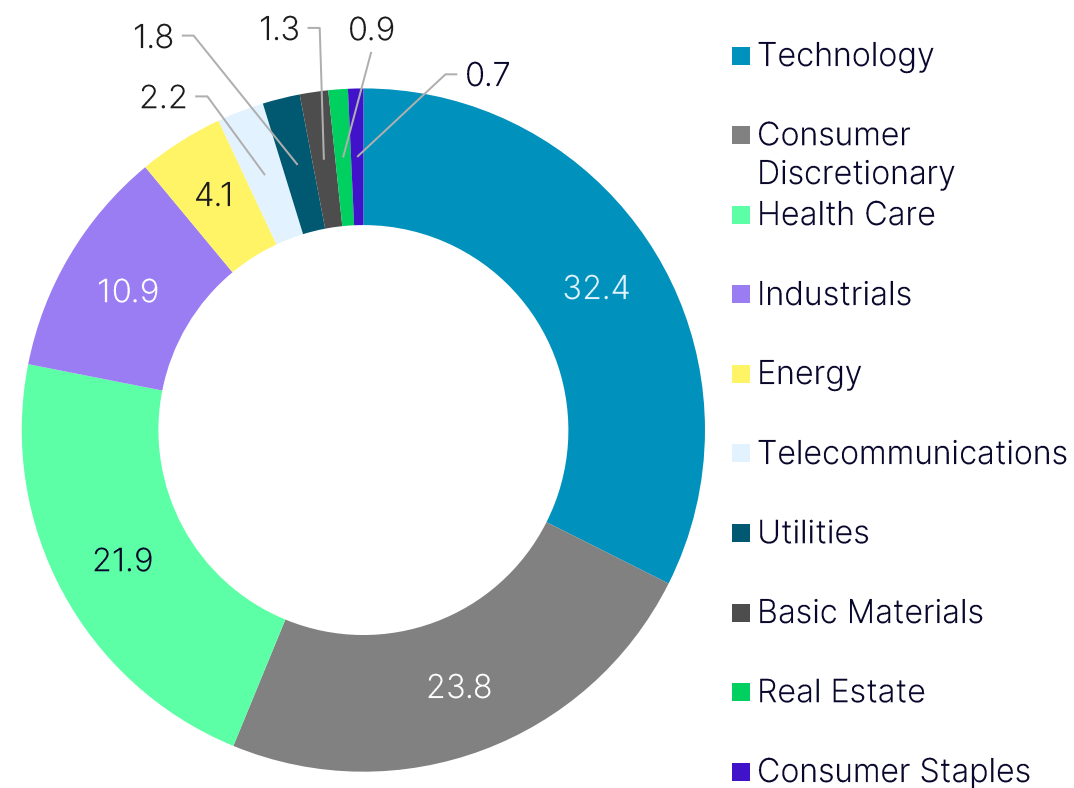
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Sector Exposure by Index Weight (%)

NGXESG Index Weight by ICB Industry



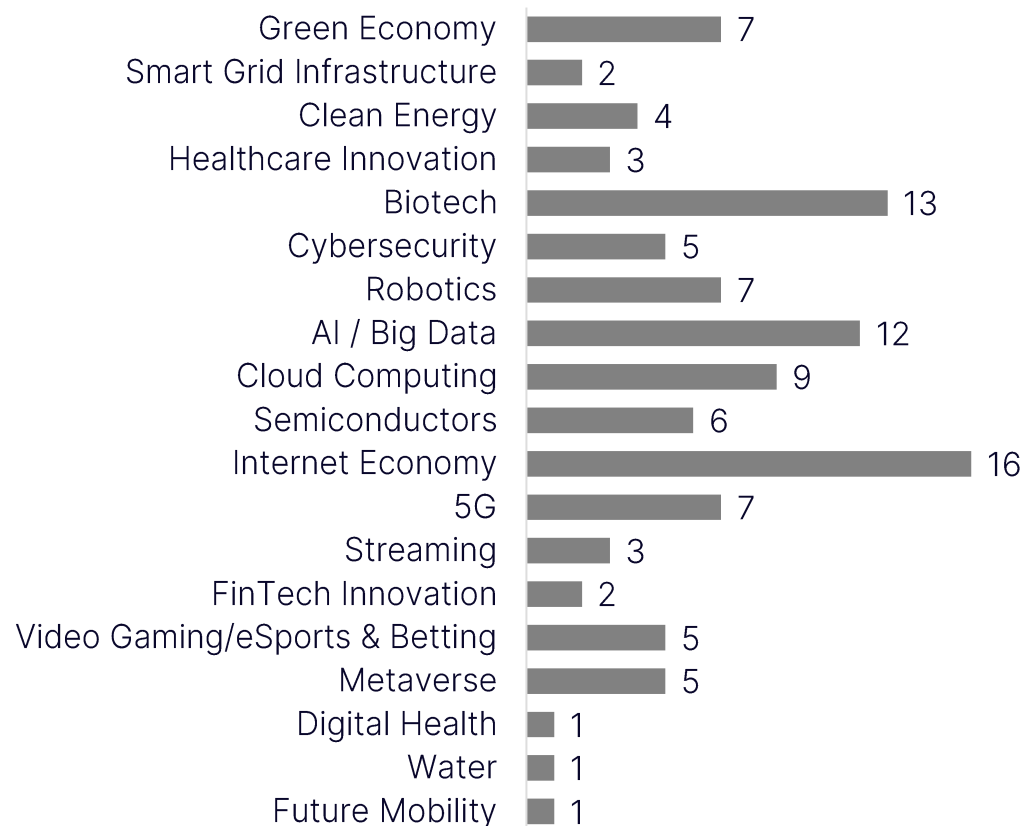
NGX Index Weight by ICB Industry



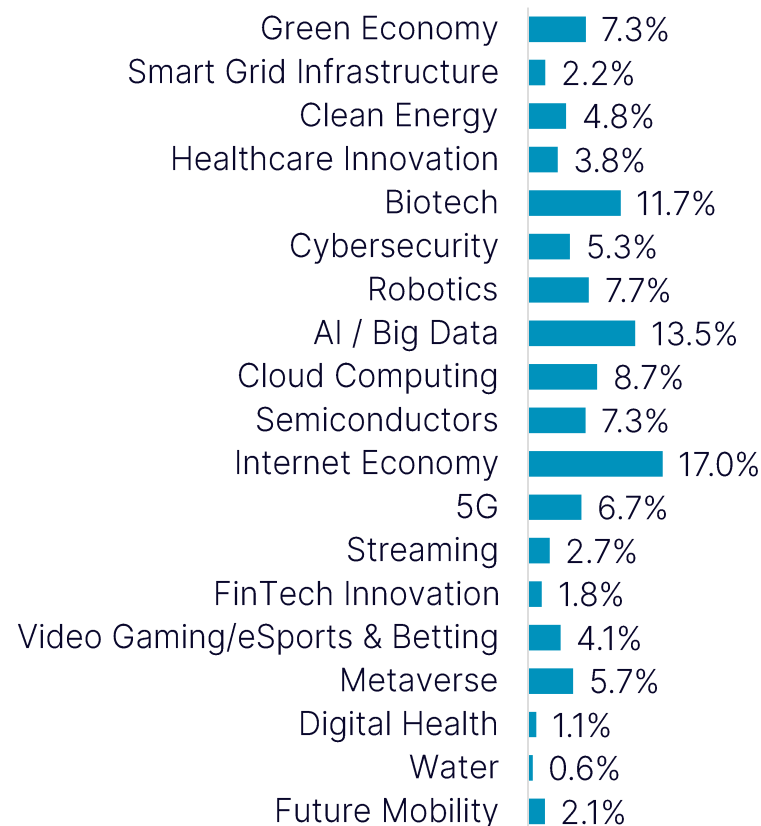
December 2023 Reconstitution

Nasdaq Next Generation 100 by Thematic Exposure

of Constituents per Theme



Index Weight per Theme



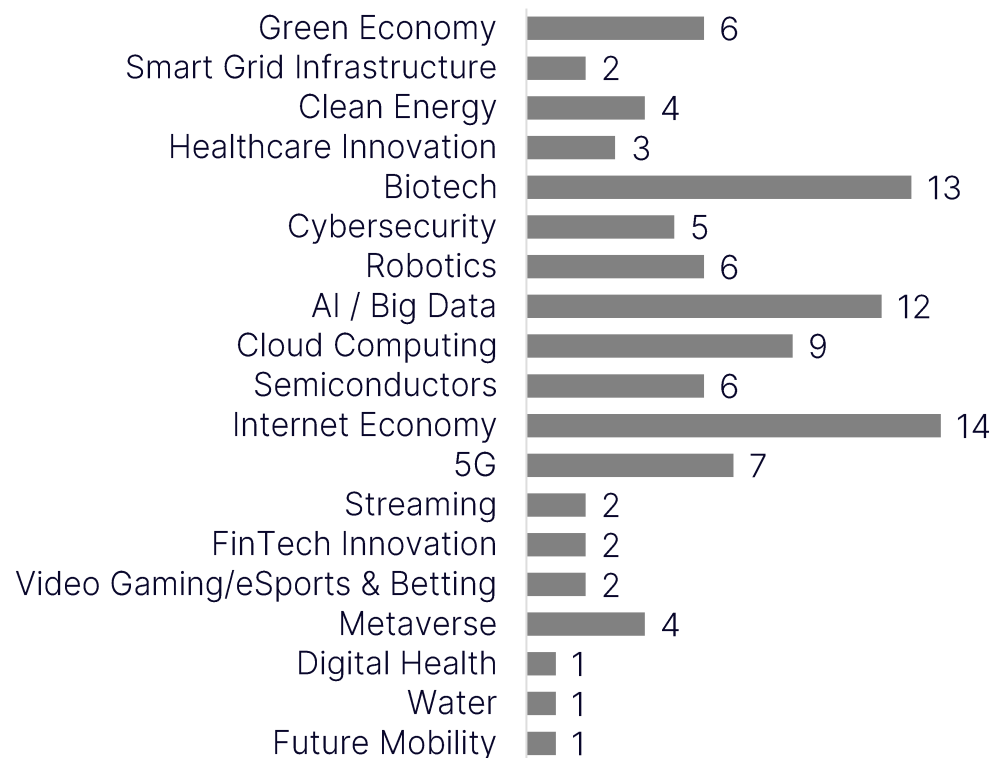
Source: Nasdaq, FactSet. Data as of 12/29/2023.

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

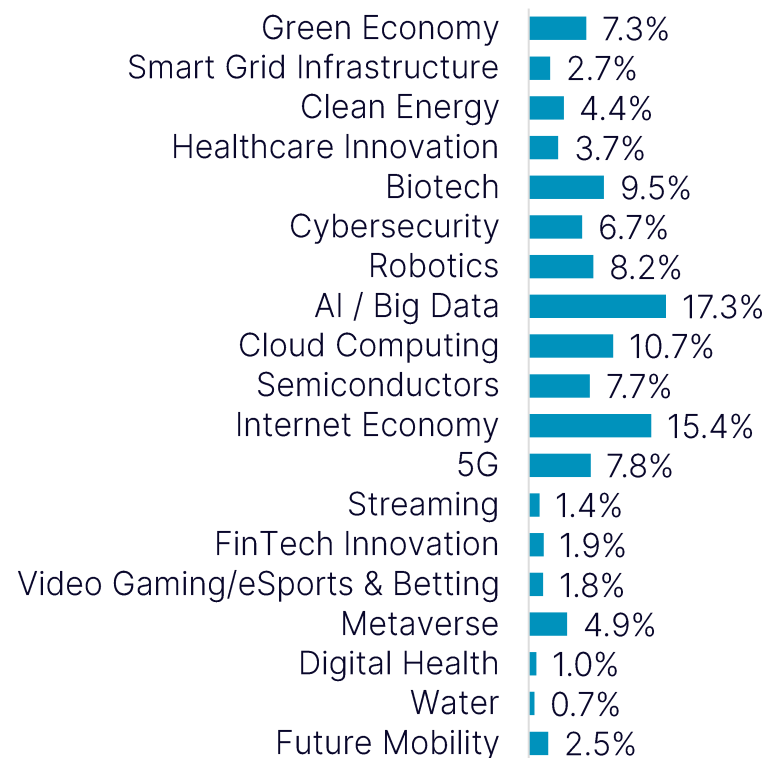
December 2023 Reconstitution

Nasdaq Next Generation 100 ESG by Thematic Exposure

of Constituents per Theme



Index Weight per Theme



Source: Nasdaq, FactSet. Data as of 12/29/2023.

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

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Top 10 Largest Overweights: NGXESG vs NGX

Symbol	Company Name	ICB Industry	NGXESG Weight (%)	NGX Weight (%)	Difference Weight (%)
ICLR	ICON	Health Care	2.7	1.6	1.0
FLEX	Flex Ltd	Technology	1.7	0.9	0.8
WDC	Western Digital	Technology	1.9	1.2	0.7
STX	Seagate Technology Holdings	Technology	1.9	1.3	0.6
POOL	Pool	Consumer Discretionary	1.7	1.1	0.6
JBHT	JB Hunt Transport Svcs	Industrials	2.0	1.5	0.6
ULTA	Ulta Beauty	Consumer Discretionary	2.2	1.7	0.6
LKQ	LKQ	Consumer Discretionary	1.4	0.9	0.5
ZBRA	Zebra Technologies	Industrials	1.5	1.0	0.5
LOGI	Logitech International	Technology	1.6	1.0	0.5

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Top 10 Largest Underweights: NGXESG vs NGX

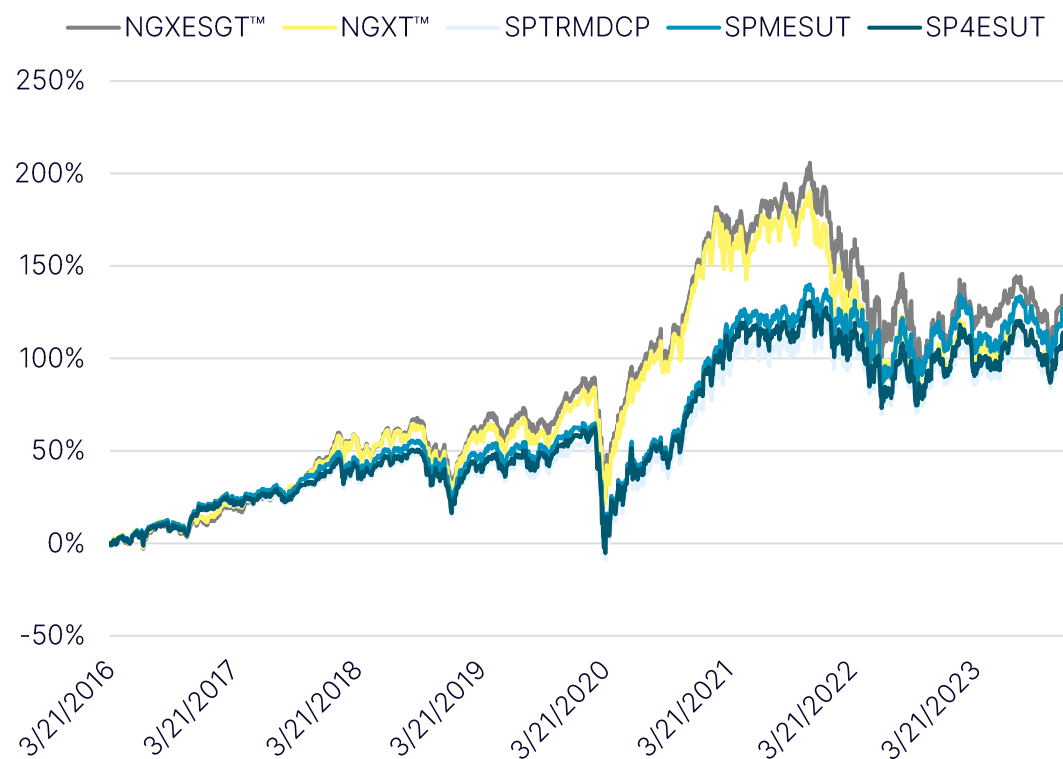
Symbol	Company Name	ICB Industry	NGXESG Weight (%)	NGX Weight (%)	Difference Weight (%)
STLD	Steel Dynamics	Basic Materials	0.5	1.3	-0.8
ALNY	Alnylam Pharmaceuticals	Health Care	1.1	1.7	-0.6
RIVN	Rivian Automotive	Consumer Discretionary	1.0	1.6	-0.5
EXPE	Expedia Group	Consumer Discretionary	1.0	1.4	-0.4
SWKS	Skyworks Solutions	Technology	0.8	1.3	-0.4
VTRS	Viatis	Health Care	0.5	0.9	-0.4
ROKU	Roku	Telecommunications	0.4	0.8	-0.4
UAL	United Airlines Holdings	Consumer Discretionary	0.6	1.0	-0.4
RPRX	Royalty Pharma	Health Care	0.5	0.9	-0.4
ARGX	argenx	Health Care	0.6	0.9	-0.3

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Performance – NGXESG vs. NGX

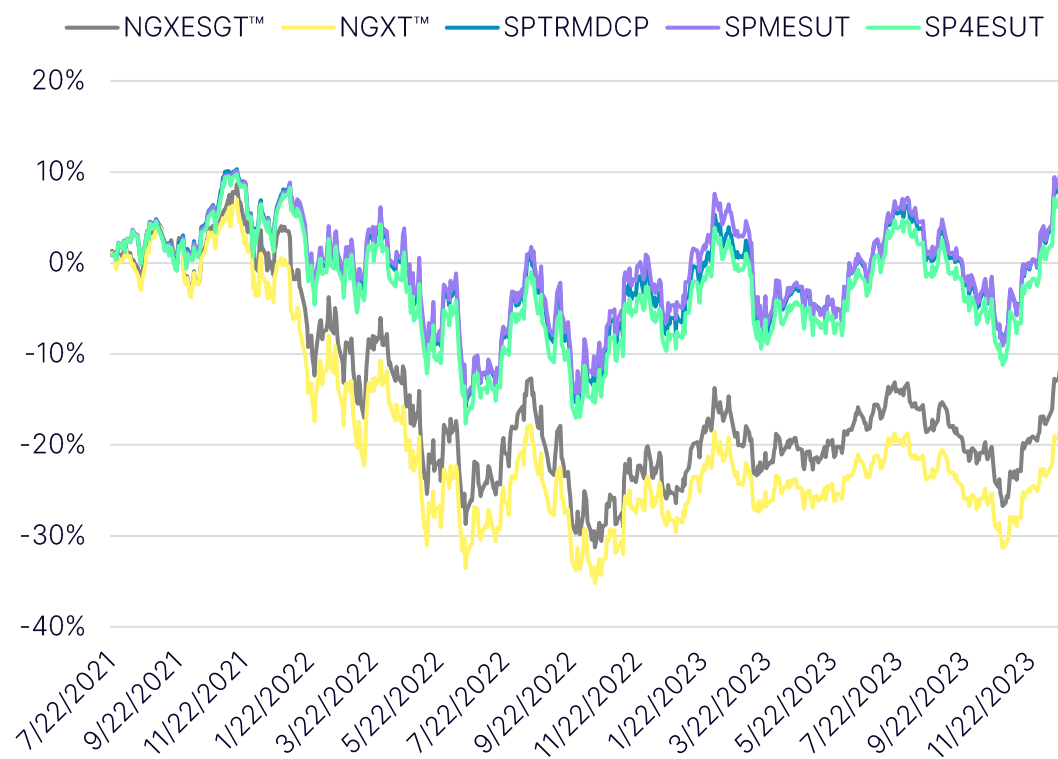
Since Beginning of NGXESG Backtest

3/21/2016 – 12/29/2023



Since NGXESG Inception

7/22/2021 – 12/29/2023



Total Return Data* as of 12/29/2023.
Source: Nasdaq Global Indexes, FactSet, Bloomberg.

*NGXT: Nasdaq Next Generation 100 Total Return™; NGXESGT: Nasdaq Next Generation 100 ESG Total Return™; SP4ESUT: S&P Sustainability Screened TR; SPTRMDCP: S&P MidCap 400 TR ; SP4ESUT: S&P MidCap 400 ESG TR

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ESG Comparisons – NGXESG/NGX

Index Name	Benchmark Index	# of Securities	% Exclusion from the Benchmark	Sustainalytics ESG Risk Score	
				Weighted Average	Simple Average
Nasdaq Next Generation 100™ Index	--	104	--	20.7	21.0
Nasdaq Next Generation ESG 100™ Index	Nasdaq Next Generation 100™	91	13%	18.3	19.7
S&P MidCap 400 Index	--	401	--	22.9	23.1
S&P MidCap 400 Sustainability Screened Index	S&P MidCap 400	361	10%	22.0	22.2
S&P MidCap 400 ESG Index	S&P MidCap 400	252	37%	22.0	22.1



Data as of 12/29/2023.

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
- Research
 - https://indexes.nasdaqomx.com/docs/NGXESG_Research.pdf
- Fact Sheet
 - 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 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 score 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*:
 - 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

NDXESG / 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%

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