

JULY 2016

NASDAQ SELECT CANADIAN DIVIDEND INDEX

Accessing Canadian Dividend-Paying Equities with High Yield and Strong Performance

BACKGROUND /

Over the long run, companies that pay regular dividends tend to be in better financial health and produce sustained earnings and revenue growth. In an environment of slow economic growth, these companies are increasingly gaining popularity. The Nasdaq Select Canadian Index (NQCADIV) is designed to provide exposure to Canadian companies that exhibit a history of increasing dividend payments.

INDEX METHODOLOGY /

The Nasdaq Select Canadian Dividend Index is a portfolio of Toronto Stock Exchange listed securities with at least five consecutive years of the same or increasing annual regular dividend payments. To be eligible for inclusion, a security must meet the following criteria:

- Be a member of the Nasdaq Canada Index (NQCA) except for limited partnerships;
- Have a minimum three-month average daily dollar trading volume of CAD\$1 million;
- Have at least five consecutive years of the same or increasing annual regular dividends based on ex-date;
- The security must actively pay a dividend.

Among all the securities that qualify for these criteria, the 60 securities with the highest dividend yield as of the last trading day in December are selected. The index then narrows in on the top 45 securities with the highest market capitalization of the last trading day in December. The index is modified market capitalization weighted and re-evaluated annually, effective after the close of trading on the third Friday in March.

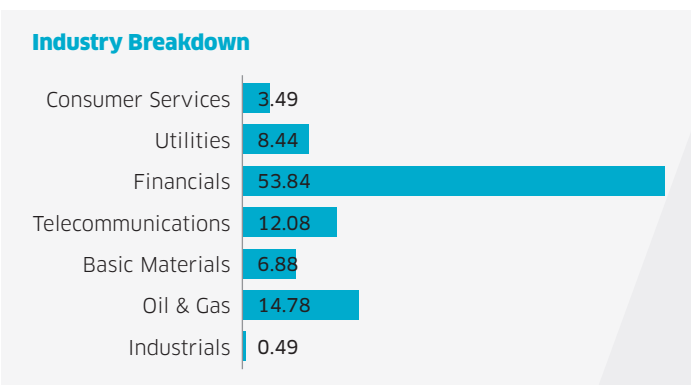
At each month-end, an ongoing review is conducted. If an Index Security suspends or decreases its dividend payments greater than 50% based on the prior ex-date of the last dividend distributed, then the Index Security will be removed from the Index after the close of trading on the third Friday of the following month.

INDEX COMPOSITION AND INDUSTRY BREAKDOWN /

Due to the modified market capitalization weighted methodology, the index always maintains an appropriate level of diversification. The following table shows the top 10 holdings of the index at the end of June 2016. While tilted to Financials, these ten companies spread across 5 industries.

COMPANY NAME	TICKER	WEIGHTS	INDUSTRY
Transcanada	TRP	8.59%	Oil & Gas
BCE	BCE	8.08%	Telecommunications
Bk of Nova Scotia	BNS	7.89%	Financials
Royal Bank Canada	RY	7.74%	Financials
Cdn Imperial Bank	CM	7.62%	Financials
Pembina Pipeline	PPL	4.08%	Utilities
Natl Bk Canada	NA	4.06%	Financials
Telus	T	4.00%	Telecommunications
Potash Saskatchewan	POT	3.92%	Basic Materials
Power Fin	PWF	3.73%	Financials

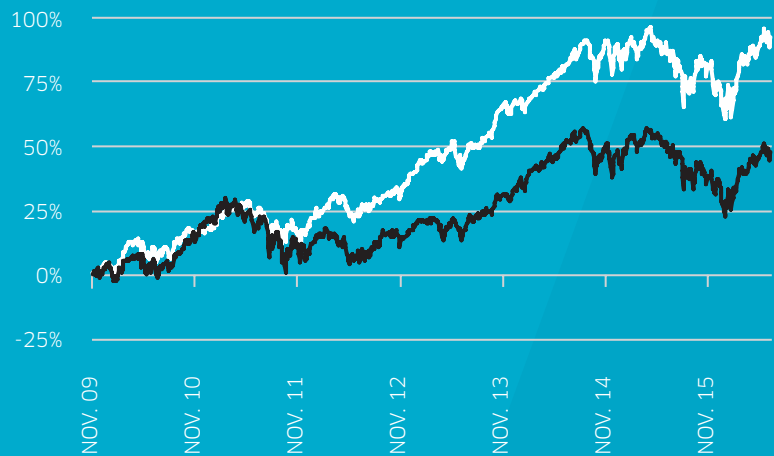
The chart to the right shows the breakdown of index weight into the 10 ICB Industries. Currently, the index consists of a range of securities across 7 industries. Not surprisingly, Financials and Oil & Gas are two of the largest industries in the index as is the case in the benchmark, with Financials contributing 54% to the total index weight. As well, Utilities and Telecommunications, industries which historically are comprised of sustained dividend payers, round out the other largest industries in the index.



PERFORMANCE /

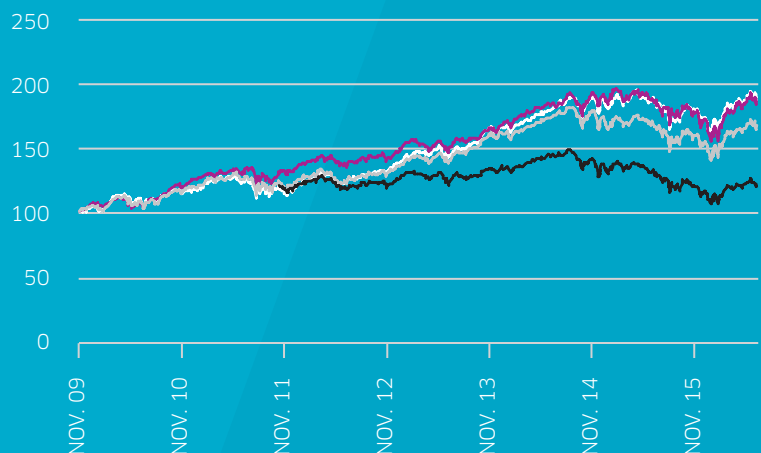
Since inception, the Nasdaq Select Canadian Dividend Total Return Index has significantly outperformed its benchmark, the Nasdaq Canada CAD TR Index (NQCACADT). The index has had a 92.76% cumulative and 10.41% annualized return over the full history of the index. It outperformed the benchmark by over 44% cumulatively which amounts to over 4% on an annualized basis.

**NASDAQ SELECT CANADIAN DIVIDEND TOTAL RETURN INDEX
NASDAQ CANADA CAD TR INDEX**



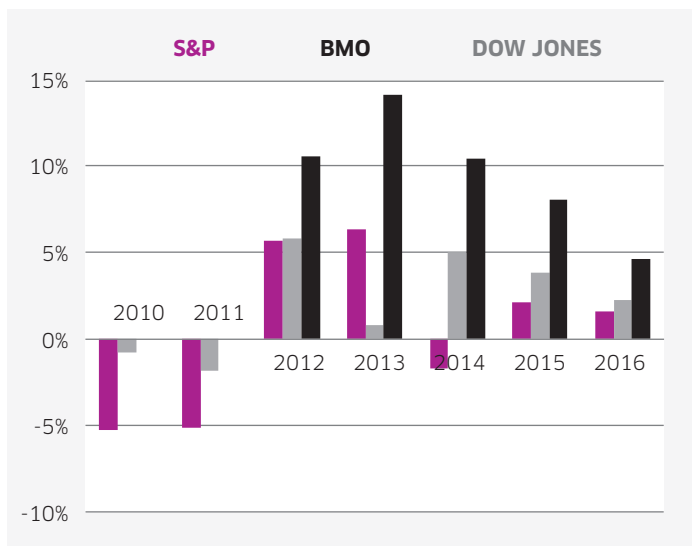
Additionally, since inception, the Nasdaq Select Canadian Dividend Total Return Index has consistently outperformed indexes of similar strategies, including the Dow Jones Canada Select Dividend Total Return Index and the BMO Canadian Dividend ETF.

**NASDAQ SELECT CANADIAN DIVIDEND TOTAL RETURN INDEX
DOW JONES CANADA SELECT DIVIDEND TOTAL RETURN INDEX
BMO CANADIAN DIVIDEND ETF
S&P/TSX CANADIAN DIVIDEND ARISTOCRATS TR INDEX**



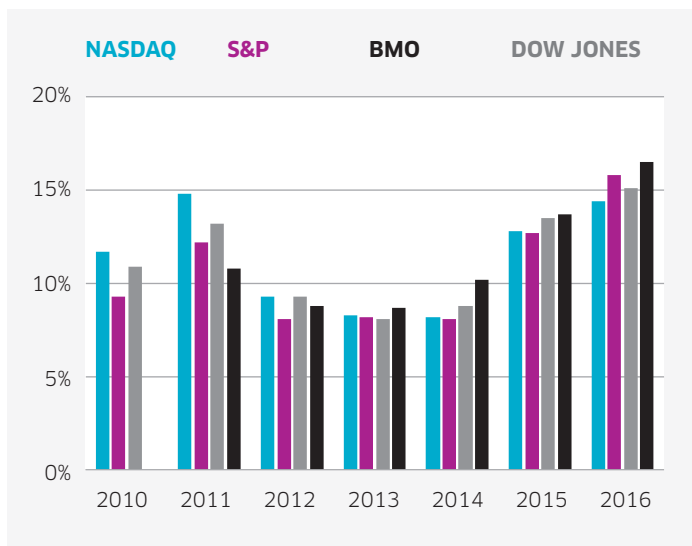
While its cumulative return is only slightly higher than another competitor, the S&P/TSX Canadian Dividend Aristocrats TR Index, on an annual basis, the Nasdaq Select Canadian Dividend Return Index has persistently outperformed all three comparable indexes over the last 5 years, including the S&P/TSX Canadian Dividend Aristocrats TR Index.

Excess Returns



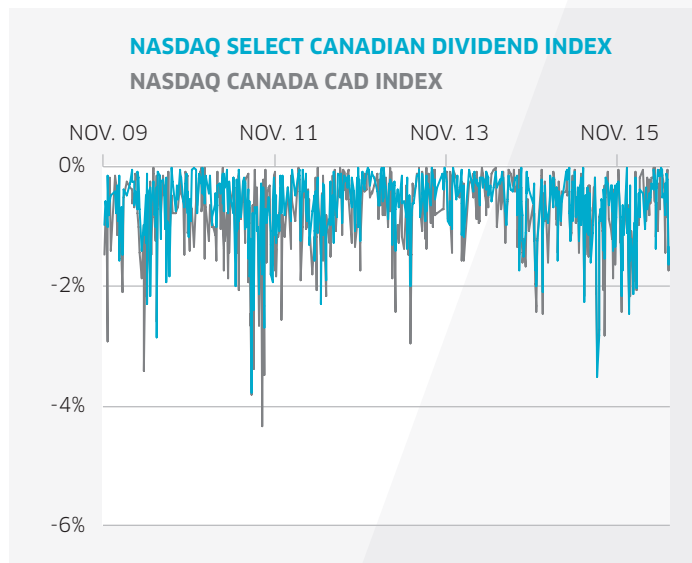
In addition to having higher cumulative and annual returns, over the last 5 years, the NASDAQ Select Canadian Dividend Return Index also has consistently displayed volatility of the same level as its competitors, or lower.

Annual Volatility



Apart from solid appreciation throughout varying market cycles, one of the biggest strengths of the Nasdaq Select Canadian Dividend Index is its ability to remain resilient in down markets. Since its inception, the index has exhibited less dramatic drawdowns compared to the benchmark. As the dividend yield can be considered an additional buffer for market drawdowns, to show the strength of the index in its purest form, the drawdown analysis shown here includes the price return version of the indexes. In the past 79 months, the index has displayed lower daily drawdown than the benchmark just over 75% of the time.

Drawdown



DIVIDEND YIELD /

Selected based on continuous dividend increases, the Nasdaq Select Canadian Dividend Index exhibits steady dividend yield. The chart to the right displays the index's dividend yield compared to its benchmark since inception. The index has shown consistent dividend yield ranging from 4% to 5%, higher by 1.5% to 2% than the benchmark.

**NASDAQ SELECT CANADIAN DIVIDEND INDEX
NASDAQ CANADA CAD INDEX**



Moreover, the Index has exhibited higher yield than its peers over the past 7 years. It has had a higher yield than the S&P/TSX Canadian Dividend Aristocrats TR Index from 2011 to 2015 and just edges it in 2016 by 0.05%. In addition, it has also outperformed the BMO Canadian Dividend ETF, an active ETF strategy, from a yield perspective in all years except for one in the last seven.

YEAR	NASDAQ	S&P	DJ	BMO
2010	4.7%	5.6%	4.8%	N/A
2011	4.3%	3.8%	4.6%	4.3%
2012	5.0%	4.6%	5.3%	4.5%
2013	4.8%	4.7%	5.7%	4.7%
2014	4.4%	4.3%	4.7%	4.2%
2015	4.4%	3.8%	4.3%	4.9%
2016	5.6%	5.6%	5.2%	4.2%

MORE INFORMATION /

Email: globalindexes@nasdaq.com

Phone: +1 212 231 5836 or + 45 33 93 3366

 @NasdaqIndexes

SUMMARY /

The Nasdaq Select Canadian Dividend Yield was built to be a cohesive basket of dividend paying stocks representing the Canadian marketplace with a track record. The index has consistently outperformed its competitors in the marketplace over the last 5 years along with a very stable yield of 4-5%. Coupled that the index maintains an important ongoing review to ensure it only includes companies that continue to sustain dividend payers, this index is one that was built for the long haul.

Notes

All data referenced is through June 30, 2016, unless otherwise indicated.

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