



INDEX METHODOLOGY

NASDAQ INTERNATIONAL PATENT LEADERS™ INDEX

NQIPL™

INDEX DESCRIPTION

The Nasdaq International Patent Leaders Index is designed to track the performance of companies from the Nasdaq Global Ex United States Large Mid Cap™ Index (NQGXUSLM™) with the most valuable patent portfolios.

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 universe

The index universe consists of all securities from the Nasdaq Global Ex United States Large Mid Cap Index (NQGXUSLM). Please refer to that methodology for further information about its constituent selection and eligibility.

Multiple classes of securities

One security per company is permitted. If a company has multiple otherwise-eligible securities, one of which is a current index security as of the Reconstitution reference date, only that index security may be eligible; otherwise, only the security with the highest three-month average daily traded value may be eligible.

Other eligibility

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

Companies of all eligible securities are ranked by their patent values as of the Fundamental data reference date. The patent values applied for the Constituent Selection Process are determined by IPR Strategies. Eligible securities of the 100 companies with the largest patent values are selected for inclusion in the index. In the event of a tie in the ranking, the largest total market capitalization as of the Reconstitution reference date will be used as the tiebreaker.

CONSTITUENT WEIGHTING

Constituent weighting scheme

The Index is a full market capitalization-weighted index.

Constituent weighting process

Weight Calculation

The weighting process uses security-level weights, which are derived using the total market capitalization of each security, as of the Rebalance reference date.

Each Index Security's weight is determined by dividing its total market capitalization by the aggregate total market capitalization of all index securities.

Initial weights are then checked to ensure they meet the following constraints:

- No single security may exceed 10%.
- Aggregate weight of securities greater than 4.75% does not exceed 50%.

Weight Adjustment

If Initial Index Weights exceed the constraints listed above, Initial Index weights are adjusted to reduce potential concentration. The weight adjustment is described below:

- Step 1: Raise each Index Security's initial index weight to the power, P , where P is a value between 0 and 1 (Adjusted Initial Weight). Please see **Weight Constraints** below.
- Step 2: Divide the Adjusted Initial Weight from Step 1 by the aggregate Adjusted Initial Weight of all Index Securities.

Final weights are those determined from Step 2 above.

Weight Constraints

The exact power, P , is determined through an iterative process where weights are re-evaluated by reducing P in increments of 0.0001. The power, P , is incrementally reduced until the following weighting constraints have been met:

- No single security may exceed 10%.
- Aggregate weights of securities greater than 4.75% does not exceed 50%.

INDEX CALENDAR

Reconstitution & Rebalancing schedule

Reconstitution Frequency	Semi-Annually
Rebalance Frequency	Semi-Annually
Fundamental Data Reference Dates	Last trading day of April and October, respectively
Reconstitution Reference Dates	Last trading day of May and November, respectively
Reconstitution Announcement Dates	After the close on the second Friday in June and December
Reconstitution Effective Dates	At market open on the first trading day following the third Friday in June and December
Rebalance Reference Dates	Last trading day of May and November, respectively
Rebalance Announcement Dates	After the close on the second Friday in June and December
Rebalance Effective Dates	At market open on the first trading day following the third Friday in June and December

Holiday schedules

The Index is calculated Monday through Friday and does not close for holidays.

Index calculation and dissemination schedule

The Index Value is calculated five (5) days a week, Monday through Friday, once per second from the start of the trading day in Tokyo (09:00:01 Japan Standard Time) until the close of the trading day in New York (17:16:00 Eastern Time).

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 alternations may include a merger, acquisition or other major corporate event that would otherwise adversely affect the integrity of the Index.

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.**