

# NASDAQ International Dividend Achievers™ Index Methodology

## Index Description

The NASDAQ International Dividend Achievers Index is comprised of non-US incorporated securities with at least five consecutive years of increasing annual regular dividend payments.

## Index Calculation

The NASDAQ International Dividend Achievers Index is a dividend yield weighted index. The value of the Index equals the aggregate value of the Index share weights, also known as the Index Shares, of each of the Index Securities multiplied by each such security's Last Sale Price<sup>1</sup>, and divided by the divisor of the Index. The divisor serves the purpose of scaling such aggregate value to a lower order of magnitude which is more desirable for Index reporting purposes. The Index began on September 15, 2009 at a base value of 2383.71490983.

The formula for index value is as follows:

Aggregate Adjusted Market Value/Divisor

The formula for the divisor is as follows:

(Market Value after Adjustments/Market Value before Adjustments) X Divisor before Adjustments

Three version of the Index are calculated – a price return index, a total return index and a net total return index.

- The price return index (Nasdaq: DAT) is ordinarily calculated without regard to cash dividends on Index Securities.
- The total return index (Nasdaq: DATTR) reinvests cash dividends on the ex-date.
- The net total return index (Nasdaq: DATNTR) reinvests cash dividends on the ex-date and adjusts for an Index Security's country of incorporation withholding rate. The net total return index began on March 9, 2015 at a base value of 1000.00.

All Indexes reflect extraordinary cash distributions.

The Indexes are calculated during the trading day and are disseminated once per second, five (5) days a week, Monday through Friday, starting by the earliest time zone Asia/Tokyo and close by the latest time zone America/New York in USD.

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<sup>1</sup> For purposes of this document, Last Sale Price refers to the last regular way trade reported on such security's Index Market. The Index Market is the listing market for which prices are received and used by Nasdaq in the Index calculation and generally will represent the most liquid trading market of the Index Security. If a security does not trade on its Index Market on a given day or the Index Market has not opened for trading, the most recent last sale price from the Index Market (adjusted for corporate actions, if any) is used. For securities where Nasdaq is the Index Market, the Last Sale Price may be the Nasdaq Official Closing Price (NOCP) when Nasdaq is closed.

## **Eligibility**

Index eligibility is limited to specific security types only. The security types eligible for the Index include ADRs, GDRs, limited partnership interests, ordinary shares and shares of limited liability companies.

### **Eligibility Criteria**

To be eligible for inclusion in the Index a security must meet the following criteria:

- be listed on The Nasdaq Stock Market® (Nasdaq®), the New York Stock Exchange, NYSE American, or the CBOE Exchange;
- the issuer of the security must be incorporated outside of the United States and not in a country of beneficial interest as defined by the Nasdaq Global Index (NQGI) methodology;
- have a minimum three-month average daily dollar trading volume of \$1 million;
- have at least five consecutive years of increasing annual regular dividends based on ex-date of the underlying security. If no underlying security exists, then the depository receipt will be reviewed;
- one security per issuer is permitted. If an issuer has multiple securities, the security with the highest three-month average daily dollar trading volume will be selected for possible inclusion into the Index;
- may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible;
- may not be issued by an issuer currently in bankruptcy proceedings; and
- a GDR must be listed on the London Stock Exchange or London International Exchange and have a US listing on the OTCBB, Pink Sheets or NBB and meet the additional eligibility criteria other than listing market.

### **Index Evaluation**

The Index Securities are evaluated annually in March. The above Eligibility Criteria are applied using market data through the end of December. Securities meeting the criteria are included in the Index. Security additions and deletions are made effective after the close of trading on the third Friday in March.

Additionally, if at any time during the year other than the Evaluation, an Index Security no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index, the security is removed from the and is not replaced. At each month-end, if an Index Security suspends its dividend payments 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. In all cases, a security is removed from the Index at its Last Sale Price. If, however, at the time of its removal the Index Security is halted from trading on its primary listing market and an official closing price cannot readily be determined, the Index Security may, in Nasdaq's discretion, be removed at a zero price. The zero price will be applied to the Index Security after the close of the market but prior to the time the official closing value of the Index is disseminated, which is ordinarily 17:16:00 ET.

## **Index Maintenance**

Index Share changes are not made during the quarter however changes arising from stock dividends and stock splits are made to the Index on the evening prior to the effective date of such corporate action. In the case of certain spin-offs or rights issuances, the price of the Index Security is adjusted.

A special cash dividend announced by the listing exchange, will result in an adjustment to the Last Sale Price of an Index Security prior to market open on the ex-date for the special amount distributed. A special dividend may also be referred to as extra, extraordinary, non-recurring, one-time, unusual, etc.

Ordinarily, whenever there is a change in an Index Security or a change to the price of an Index Security due to spin-offs, rights issuances or special cash dividends as mentioned above, the divisor is adjusted to ensure that there is no discontinuity in the value of the Index which might otherwise be caused by any such change. All changes are announced in advance and are reflected in the Index prior to market open on the Index effective date.

## **Index Rebalancing**

The Index employs a dividend yield weighted methodology. At each quarter, the Index is rebalanced based on the trailing 12 months dividend yield of each security as compared to the dividend yield of all Index Securities as of the last trading day in February, May, August and November. At each quarter, the Index is rebalanced such that the maximum weight of any Index Security does not exceed 4%. The excess weight of any capped security is distributed proportionally across the remaining Index Securities. The changes are effective after the close of trading on the third Friday in March, June, September and December.

Nasdaq may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity.