



INDEX METHODOLOGY

NASDAQ US LOW VOLATILITY DIVIDEND ACHIEVERS™ INDEX

LVDA™

INDEX DESCRIPTION

The Nasdaq US Low Volatility Dividend Achievers Index is designed to track the performance of US large cap securities that have at least 10 consecutive years of increasing annual regular dividend payments. Further, the trailing 1-year volatility of each sector from the Nasdaq US Benchmark Index (NQUSB) is determined and securities that are in the least volatile sectors are selected for inclusion.

SECURITY ELIGIBILITY CRITERIA

Parent index

In order to be eligible for the Nasdaq US Low Volatility Dividend Achievers Index, a security must be a member of both the Nasdaq US Broad Dividend Achievers Index (DAA) as well as the Nasdaq US Large Cap Index (NQUSL). For more information on eligibility requirements, please see the DAA and NQUSL methodologies, which are incorporated herein by reference.

Industry or sector eligibility

The sector-level indexes from the Nasdaq US Benchmark Index (NQUSB) are based on the Industry Classification Benchmark (ICB) taxonomy, a product of FTSE International Limited that is licensed for this use. For the full list of Nasdaq sector-level indexes for consideration, please see Appendix A: Nasdaq Sector-Level Indexes.

Other eligibility criteria

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**.

INDEX CALENDAR

Reconstitution schedule

Nasdaq selects constituents quarterly in March, June, September and December.

Reconstitution reference dates

The Security Eligibility Criteria are applied using market data as of the end of February, May, August and November, respectively.

Reconstitution announcement dates

Index Reconstitutions are announced approximately five business days prior to the effective date of the quarterly changes.

Reconstitution effective dates

Index Reconstitutions become effective at the market open the next trading day after the third Friday in March, June, September and December.

Rebalance schedule

The Index is rebalanced quarterly in conjunction with the Index Reconstitution. The reference, announcement, and effective dates are the same as those of the Reconstitution.

Holiday schedule

The Index is calculated Monday through Friday, except on days when the Nasdaq exchange is closed.

Index calculation and dissemination schedule

The Index is calculated during the trading day based on the Last Sale Price and is disseminated once per second from 09:30:01 to 17:16:00 ET. The closing value of the indexes may change up until 17:15:00 ET due to corrections to the Last Sale Price of the Index Securities.

CONSTITUENT SELECTION

Constituent selection process

All securities that meet the applicable Security Eligibility Criteria are included in the Index based on the following additional criteria.

- Each sector is ranked based on its trailing 1-year volatility determined as of the reference date, with the least volatile sector getting a rank of 1, the second least volatile sector getting a rank of 2, and so on.
- The sectors ranked within the top 10 by trailing 1-year volatility are eligible for inclusion.
- A sector that is in the top 15 by trailing 1-year volatility is also eligible for inclusion if that sector is currently included in the Nasdaq US Low Volatility Dividend Achievers Index.

CONSTITUENT WEIGHTING

Constituent weighting scheme

The Index is a volatility-weighted index.

Constituent weighting process

The weight of each Index Security is set inversely proportional to its trailing 1-year volatility such that the weight of each Index Security is equal to the inverse of the trailing 1-year volatility of that Index Security divided by the aggregate of all Index Securities' inverses of trailing 1-year volatilities.

For additional information about index weighting, see **Nasdaq Standard Index Weight Adjustment Guidelines**.

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 and is not replaced. Such alterations may include:

- Merger, acquisition, bankruptcy or other major corporate event that would otherwise adversely impact the integrity of the Index.

At each month-end, if an Index Security suspends or decreases its dividend payments greater than or equal to 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.

Replacement Policy

Index Securities are not replaced in the Index outside of the Index Reconstitution.

Addition Policy

Index Securities are not added to the Index outside of the Index Reconstitution.

Corporate actions

In the 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. With the exception(s) noted below, 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 “Non-Market Cap Corporate Action Method.”

Corporate action exceptions

Spin-offs

- If the parent is an Index Security and there is a when-issued market for the spinco, the price of the parent is adjusted downward for the value of the spinco. The value of the spinco is calculated as the spin-off ratio multiplied by the when-issued Last Sale Price (“LSP”) of the spinco. There is no adjustment to the Index Shares of the parent. This will result in a divisor adjustment. The spinco is not added to the Index.
- If there is no when-issued market for the spinco, then no price or Index Share adjustment is made to the Index Security. The spinco is not added to the Index.

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.

APPENDIX A: NASDAQ SECTOR-LEVEL INDEXES

Nasdaq Index Ticker	ICB Sector Code	ICB Sector Name
NQUSB101010	101010	Software and Computer Services
NQUSB101020	101020	Technology Hardware and Equipment
NQUSB151010	151010	Telecommunications Equipment
NQUSB151020	151020	Telecommunications Service Providers
NQUSB201010	201010	Health Care Providers
NQUSB201020	201020	Medical Equipment and Services
NQUSB201030	201030	Pharmaceuticals and Biotechnology

NQUSB3010	301010	Banks
NQUSB302010	302010	Finance and Credit Services
NQUSB302020	302020	Investment Banking and Brokerage Services
NQUSB302030	302030	Mortgage Real Estate Investment Trusts
NQUSB303010	303010	Life Insurance
NQUSB303020	303020	Non-life Insurance
NQUSB351010	351010	Real Estate Investment and Services
NQUSB351020	351020	Real Estate Investment Trusts
NQUSB4010	401010	Automobiles and Parts
NQUSB402010	402010	Consumer Services
NQUSB402020	402020	Household Goods and Home Construction
NQUSB402030	402030	Leisure Goods
NQUSB402040	402040	Personal Goods
NQUSB4030	403010	Media
NQUSB404010	404010	Retailers
NQUSB4050	405010	Travel and Leisure
NQUSB451010	451010	Beverages
NQUSB451020	451020	Food Producers
NQUSB451030	451030	Tobacco
NQUSB4520	452010	Personal Care, Drug and Grocery Stores
NQUSB5010	501010	Construction and Materials
NQUSB502010	502010	Aerospace and Defense
NQUSB502020	502020	Electronic and Electrical Equipment
NQUSB502030	502030	General Industrials

NQUSB502040	502040	Industrial Engineering
NQUSB502050	502050	Industrial Support Services
NQUSB502060	502060	Industrial Transportation
NQUSB551010	551010	Industrial Materials
NQUSB551020	551020	Industrial Metals and Mining
NQUSB551030	551030	Precious Metals and Mining
NQUSB5520	552010	Chemicals
NQUSB601010	601010	Oil, Gas and Coal
NQUSB601020	601020	Alternative Energy
NQUSB651010	651010	Electricity
NQUSB651020	651020	Gas, Water and Multi-utilities
NQUSB651030	651030	Waste and Disposal Services

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 Policy**.

Unexpected market closures

For information on Unexpected Market Closures, please refer to the **Nasdaq Index Methodology Policy**.

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 **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 Policy**.

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 Policy**.

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, please refer to the **Nasdaq Index Methodology Policy**.

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.

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