



INDEX METHODOLOGY

THE GROWTH STRENGTH™ INDEX

NQCAPSG™

INDEX DESCRIPTION

The Growth Strength Index (NQCAPSG) seeks to provide exposure to well-capitalized companies with strong market positions. The companies are screened for strong balance sheets, a high degree of liquidity, the ability to generate earnings and cash flow growth and a record of financial strength and profit growth. The Index is composed of 50 securities selected objectively based on cash on hand, debt ratios and revenue and cash flow growth.

SECURITY ELIGIBILITY CRITERIA

Security universe

A security must be a member of the Nasdaq US Benchmark Index (NQUSB) as of the Index Reconstitution Reference Date. Please refer to that methodology for further information.

Multiple securities per issuer

One security per issuer is permitted. If an issuer has multiple otherwise-eligible security classes, only the security with the highest three-month average daily traded value may be eligible.

Liquidity

A security must have a three-month average daily traded value of at least \$5 million (USD).

Market capitalization

A security must rank in the top 500 by free float market capitalization among all securities that meet the security eligibility criteria for security universe, multiple securities per issuer and liquidity.

Other eligibility criteria

A security must have at least \$1 billion (USD) in cash or short-term investments, after removing restricted cash.

A security must have a long-term debt to market cap ratio less than 30%. A security must have positive shareholder equity.

A security must have a return on equity greater than 15%.

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

The Index is reconstituted quarterly in January, April, July and October by applying the Constituent Selection Process to all securities that meet the applicable Security Eligibility Criteria.

Reconstitution reference dates

Unless otherwise specified, the Security Eligibility Criteria and Constituent Selection Process are applied by using data as of the last trading day of the month prior in December, March, June and September.

Reconstitution announcement dates

Index Reconstitutions generally are announced in early January, April, July and October.

Reconstitution effective dates

Index Reconstitutions become effective at market open on the first trading day following the third Friday in January, April, July and October.

Rebalance schedule

The Index is rebalanced quarterly in January, April, July and October by applying the Constituent Weighting Process.

Rebalance reference dates

The Index is rebalanced using closing prices as of the third Friday of January, April, July or October.

Rebalance announcement dates

Index Rebalances generally are announced in early January, April, July and October.

Rebalance effective dates

Index Rebalances become effective at market open on the first trading day following the third Friday in January, April, July and October.

Holiday schedules

The Index is calculated on Monday through Friday, except on days when The Nasdaq Stock Market is closed.

Index calculation and dissemination schedule

The index is calculated during the trading day and is disseminated once per second from 09:00:01 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

Securities that meet the applicable Security Eligibility Criteria are selected for inclusion in the Index according to the following steps:

Step 1: Each security receives two ranks, with ranks of 1 representing the highest values:

- By the three-year cash flow percentage growth
- By the three years revenue percentage growth

For a security to be considered for the **Step 1** ranking, it must have positive cash flow and revenue figures three years prior. Otherwise, the security is excluded from the selection process and considered ineligible for Index inclusion.

Step 2: The two ranks are summed to obtain a single Combined Rank.

Step 3: Securities ranked outside the lowest 15 by Combined Rank within each Industry, as determined by the Industry Classification Benchmark (ICB), a product of FTSE International Limited that is used under license, are excluded. In the event that multiple securities share the fifteenth-lowest Combined Rank, only the security among them with the highest free float market capitalization may be selected.

Step 4: The 50 securities with the lowest Combined Ranks are selected.

- In the case of ties in Combined Ranks, the security with highest free float market capitalization is selected.

CONSTITUENT WEIGHTING

Constituent weighting scheme

The Index is an equal-weighted index.

Constituent weighting process

The Index employs an equal weighting scheme: all Index Securities have equal index market value.

For additional information about index weighting, see **Nasdaq Index Weight Calculations**.

INDEX MAINTENANCE

Deletion policy

If, at any time other than an Index Reconstitution, Nasdaq becomes aware that an Index Security has become ineligible for continued inclusion, it is removed from the Index as soon as practicable. This includes events such as filing bankruptcy or similar protection from creditors, delisting or other arrangement including mergers and acquisitions. Refer to the **Corporate Actions and Events Manual – Equities** for further information.

Replacement policy

Index Securities are not replaced between Index Reconstitutions.

Addition policy

Index Securities are not added between Index Reconstitutions.

Corporate actions

Information on corporate actions and events handling can be found in the **Corporate Actions and Events Manual – Equities**.

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.

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.nasdaq.com>.

For more information on the general Index Announcement procedures, refer to the **Nasdaq Index Methodology Guide**.

Unexpected market closures

For information on Unexpected Market Closures, 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), refer to the **Calculation Manual – Equities and Commodities**.

Recalculation and restatement policy

For information on the Recalculation and Restatement Policy, refer to the **Nasdaq Index Recalculation Policy**.

Data sources

For information on data sources, refer to the **Nasdaq Index Methodology Guide**.

Contact information

For any questions regarding an Index, 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.nasdaq.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, refer to the **Nasdaq Index Methodology Guide**.

Website

For further information, refer to Nasdaq GIW website at <https://indexes.nasdaq.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**.

APPENDIX A: METHODOLOGY CHANGE LOG

Effective Date	Methodology Section	Previous	Updated
4/22/2024	Constituent selection: Constituent selection process	Securities that meet the applicable Security Eligibility Criteria are selected for inclusion in the Index according to the following steps: 1. Each security receives two ranks, with ranks of 1 representing the highest values: <ul style="list-style-type: none">By the three-year cash flow percentage growthBy the three years revenue percentage growth	Securities that meet the applicable Security Eligibility Criteria are selected for inclusion in the Index according to the following steps: Step 1: Each security receives two ranks, with ranks of 1 representing the highest values: <ul style="list-style-type: none">By the three-year cash flow percentage growthBy the three years revenue percentage growth For a security to be considered for the Step 1 ranking, it must have positive cash flow and revenue figures three years prior. Otherwise, the security is excluded from the selection process and considered ineligible for Index inclusion.

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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