



INDEX METHODOLOGY

NASDAQ VICTORY DIVIDEND ACCELERATOR INDEX

NQVDIV

INDEX DESCRIPTION

The Nasdaq Victory Dividend Accelerator Index seeks to create a diversified portfolio of securities which are forecasted to grow dividends. The Index selects 75 securities from the Nasdaq US Large Mid Cap Index based on factors such as dividend growth, liquidity, and other financial metrics.

SECURITY ELIGIBILITY CRITERIA

Parent index

To be eligible for inclusion in the Nasdaq Victory Dividend Accelerator Index, a security must be a member of the Nasdaq US Large Mid Index (NQUSBLM), excluding REITs and BDCs.

Eligible security types

Eligible security types generally include common stocks.

Multiple classes of securities

One security per issuer is permitted. If an issuer has multiple listed security classes, the security with the highest three-month Average Daily Trading Volume (ADTV) generally is considered for possible inclusion in the Index.

Liquidity eligibility

A security must have a three-month ADTV of at least \$5 million (USD).

Other eligibility criteria

A security must have paid an increasing annual regular dividend for each of the last five consecutive years based on ex-date.

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.

INDEX CALENDAR

Reconstitution schedule

The Index Reconstitution is conducted annually in April.

Reconstitution reference dates

The Security Eligibility Criteria are applied using market data as of the end of March.

Reconstitution announcement dates

Index Reconstitutions are announced in early April.

Reconstitution effective dates

Index Reconstitutions become effective at market open on the first trading day following the third Friday in April.

Rebalance schedule

The Index is rebalanced quarterly in April, July, October, and January, which one (1) time per year coincides with the Index Reconstitution in April.

Rebalance reference dates

The Index Rebalance uses market data as of the end of March, June, September, and December, respectively.

Rebalance announcement dates

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

Rebalance effective dates

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

CONSTITUENT SELECTION

Constituent selection process

The following 15 factors are applied with a 10-year lookback to all securities that paid a dividend during the current evaluation period in NQUSBLM:

Dividend Yield	Net Income Stability (10-year)
Return on Equity (ROE)	Sales Stability (5-year)
Return on Invested Capital (ROIC)	ROE Trend (5-year)
Pre-Tax Income to Debt	Cash to Market Value
Dividend Consistency (5-year)	Price Volatility
Trailing E/P	Size
Gross Margin	Years of Continuous Dividend Growth
Net Income Stability (5-year)	

These factors serve as the independent variables in a logit regression model that scores and ranks the input components. During the 10-year model history, if a component did not increase its dividend year-over-year, its factor data for the previous year is removed from the regression. The most recent year is also excluded as forward-looking dividend information is unavailable. The 75 names selected for inclusion in the Index use the scoring from the regression model as follows:

- Bucket 1: the top 50 scoring securities with 20+ years of dividend growth;
- Bucket 2: the top 15 scoring securities with 10-19 years of dividend growth;
- Bucket 3: the top 10 scoring securities with 5-9 years of dividend growth.

If during the course of the annual evaluation, fewer than 50 securities are eligible for Bucket 1, the number of securities selected from Bucket 2 will increase from the customary total of 15 such that Buckets 1-2 represent a total of 65 securities within the index. If the total number of securities eligible for Buckets 1-2 is less than 65, the number of securities selected from Bucket 3 will increase from the customary total of 10 such that a total of 75 securities comprise the Index.

CONSTITUENT WEIGHTING

Constituent weighting scheme

The index employs a modified market capitalization weighting methodology.

Constituent weighting process

A combination of dividend yield and 10-year net income stability are used to derive a weight for the security in a manner specific to the bucket that the security falls into:

- Bucket 1: 75% dividend yield and 25% 10-year net income stability
- Bucket 2: 50% dividend yield and 50% 10-year net income stability
- Bucket 3: 25% dividend yield and 75% 10-year net income stability

The buckets are then combined to derive the winsorized mean weight using the average and standard deviation of the companies then those weights are redistributed across the entire Index to create a final weight for each individual security.

The final weights are adjusted to meet the following constraint:

- No Index Security weight may exceed 4% of the index.

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

INDEX MAINTENANCE

Deletion policy

If, at any time during the year other than the Index Reconstitution(s), an Index Security that no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index, it is removed from the Index. This includes circumstances where an Index Security is determined to be ineligible for continued inclusion in the Index due to bankruptcy, delisting, or a definitive agreement that would likely result in the security no longer being Index eligible. Please refer to **Nasdaq's Corporate Actions and Events Manual – Equities** for detailed handling of the aforementioned event types.

Additionally, an Index Security that suspends or decreases its dividend payments greater than or equal to 50% based on the prior ex-date of the last dividend distributed at each month's end will be removed at market open the next trading day after the third Friday of the following month.

Replacement policy

Index securities deleted at any time during the year other than the Index Reconstitution(s) are not replaced.

Addition policy

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

Corporate actions

In the interim periods between scheduled index reconstitution events, individual Index securities may be the subject to a variety of corporate actions and events that require maintenance and adjustments to the Index. 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.”

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, Refer to the **Nasdaq Index Methodology Guide**.

Holiday schedules

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

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 and the classification of dividends and associated tax rates, 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**.

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 index may change after market hours due to corrections to the Last Sale Price of the Index Securities.

Website

For further information, 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

Index 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**.

Nasdaq Index Management Committee

The Nasdaq Index Management Committee is responsible for the overall oversight of activities related to the development, issuance, and operation of Nasdaq Indexes. The Committee reviews and approves all new Index Methodologies as well as updates to existing methodologies. For a detailed overview of the Index Management Committee, please see the **Nasdaq Index Methodology Guide**.

Nasdaq U.S. Oversight Committee

The U.S. Oversight Committee is responsible for the oversight of the overall Benchmark determination process and is responsible for the overall governance of the U.S.-based Index business including review and approval of the control framework, certain policies and procedures, certain methodologies and methodology changes and other Index management oversight.

For a detailed overview of the U.S. Oversight Committee, please see the **Nasdaq Index Methodology Guide**.

Internal reviews of methodology

All new methodologies or updates to existing methodologies must be reviewed by the Index Management Committee. Additionally, all in-scope Index methodologies are subject to an annual review by the Index Management Committee and U.S. Oversight Committee. For a detailed description on internal reviews of the Methodology, please see the **Nasdaq Index Methodology Guide**.

Communication with stakeholders and consultations

In certain circumstances, Nasdaq will seek feedback from clients and market participants via consultations. For a detailed description on Consultations and Communications with Stakeholders, please see the **Nasdaq Index Methodology Guide**.

Index cessation

Nasdaq has a documented procedure that is followed for Index Cessation that includes termination/retirement of an Index or Index Family. For more information, Refer to the **Nasdaq Index Cessation Policy**.

Discretionary adjustment

This Index Methodology was created by Nasdaq to achieve the aforementioned objective of measuring the underlying purpose of each Index governed by this methodology document. Any deviations from this methodology are made in the sole judgment and discretion of Nasdaq so that the Index continues to achieve its objective.

For more information on potential adjustments including Calculation and Pricing Disruptions, Expert Judgment, and Unexpected Reconstitution/Rebalances, 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.

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