



## INDEX METHODOLOGY

### **NASDAQ US MULTI-ASSET™ INDEX FAMILY**

**NQMAEQY™**

**NQMAREIT™**

**NQMAPREF™**

**NQMAMLP™**

**NQMAFI™**

### **INDEX DESCRIPTION**

The Nasdaq US Multi-Asset Index Family is a family of indexes designed to provide exposure to multiple asset segments, each index selected to result in a consistent and high yield performance. The following asset classes have been designed as separate indexes, collectively referred to as “Indexes”: Nasdaq US Multi-Asset Equity™ Index (NQMAEQY™), Nasdaq US Multi-Asset REIT™ Index (NQMAREIT™), Nasdaq US Multi-Asset Preferred™ Index (NQMAPREF™), Nasdaq US Multi-Asset MLP™ Index (NQMAMLP™), and Nasdaq US Multi-Asset High-Yield Corporate Bond™ Index (NQMAFI™).

### **SECURITY ELIGIBILITY CRITERIA**

#### **Nasdaq US Multi-Asset Equity Index (NQMAEQY)**

##### **Parent index**

A security must be included in the Nasdaq US Benchmark™ Index (NQUSB™). Except as noted below, the Index follows the same Security Eligibility Criteria as the Parent Index. Please refer to that methodology for further information.

## **Industry or sector eligibility**

A security must not be classified as Real Estate Investment Trust or Mortgage Real Estate Investment Trust at the Sector Level as defined by the Industry Classification Benchmark (ICB). ICB is a product of FTSE International Limited that is used under license.

## **Market capitalization eligibility**

A security must have a market capitalization of at least \$1 billion (USD).

## **Liquidity eligibility**

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

## **Other eligibility criteria**

A security must have paid a regular dividend for each of the last three consecutive years and not have suspended or discontinued its dividend payment.

A security must have positive total earnings over the trailing twelve-month period.

A security must have a dividend payout ratio less than or equal to 80%.

A security must have one-year realized volatility less than 15 percentage points above the NQUSB Index's one-year realized volatility.

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.

## **Nasdaq US Multi-Asset REIT Index (NQMAREIT)**

### **Parent index**

A security must be included in the Nasdaq US Benchmark Index (NQUSB). Except as noted below, the Index follows the same Security Eligibility Criteria as the Parent Index. Please refer to that methodology for further information.

## **Industry or sector eligibility**

A security must be classified as Real Estate Investment Trust or Mortgage Real Estate Investment Trust at the sector level by Industry Classification Benchmark (ICB). ICB is a product of FTSE International Limited that is used under license.

### **Market capitalization eligibility**

A security must have a market capitalization of at least \$1 billion (USD).

### **Liquidity eligibility**

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

### **Other eligibility criteria**

A security must have paid a regular dividend for each of the last three consecutive years and not have suspended or discontinued its dividend payment.

A security must have positive total earnings over the trailing twelve month period.

A security must have a dividend payout ratio less than or equal to 150%.

A security must have one-year realized volatility less than 15 percentage points above the NQUSB351020™ Index's one-year realized volatility.

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.

## **Nasdaq US Multi-Asset Preferred Index (NQMAPREF)**

### **Parent index**

A security must be included in the NASDAQ US Multi-Asset Preferred™ Index (NQPFUS™). Except as noted below, the Index follows the same Security Eligibility Criteria as the Parent Index. Please refer to that methodology for further information.

### **Market capitalization eligibility**

A security must have a market capitalization of at least \$250 million (USD).

### **Liquidity eligibility**

A security must have a three-month average daily traded value of at least \$250 thousand (USD).

### **Other eligibility criteria**

A security must have not suspended or discontinued its dividend payment.

A security must have one-year realized volatility less than 15 percentage points above the NQPFUS Index's one-year realized volatility.

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.

### **Nasdaq US Multi-Asset MLP Index (NQMAMLP)**

#### **Eligible security types**

A security must be classified as a limited partnership.

#### **Industry or sector eligibility**

A security must be classified as Energy or Industrials at the Industry level by Industry Classification Benchmark (ICB). ICB is a product of FTSE International Limited that is used under license.

#### **Market capitalization eligibility**

A security must have a market capitalization of at least \$500 million (USD).

#### **Liquidity eligibility**

A security must have a three-month average daily traded value of at least \$500 thousand (USD).

#### **Other eligibility criteria**

A security must not have suspended or discontinued its dividend payment.

A security must have one-year realized volatility less than 15 percentage points above the DWAMLP™ Index's one year realized volatility.

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.

### **Nasdaq US Multi-Asset High-Yield Corporate Bond Index (NQMAFI)**

#### **Eligible security types**

A security must be a US-listed ETF tracking a High Yield Corporate Debt Strategy.

#### **Market capitalization eligibility**

An ETF must have at least \$100 million (USD) in Assets under Management (AUM).

## **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.

## **INDEX CALENDAR**

### **Reconstitution schedule**

The Indexes are reconstituted quarterly in March, June, September, and December, except for NQMAPREF, which is reconstituted annually in June. The Indexes are reconstituted by applying the Constituent Selection Process to all securities that meet the applicable Security Eligibility Criteria.

### **Reconstitution reference dates**

The Security Eligibility Criteria and Constituent Selection Processes are applied using market data as of the last trading day of January, April, July, and October.

### **Reconstitution announcement dates**

Index Reconstitutions are announced in early March, June, September, and December.

### **Reconstitution effective dates**

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

### **Rebalance schedule**

The Indexes are rebalanced quarterly in March, June, September, and December by applying the Constituent Weighting Process.

### **Rebalance reference dates**

The Constituent Weighting Process is applied by using dividend data as of the last trading day of January, April, July, and October, and Last Sale Price (“LSP”) as of the last trading day of February, May, August, and November. Dividend data is not applicable to NQMAFI, please refer to the Constituent Weighting Process for more information.

### **Rebalance announcement dates**

Index Rebalances are announced in early March, June, September and December.

## **Rebalance effective dates**

Index Rebalances become effective at market open on the trading day following the third Friday in March, June, September and December.

## **Holiday schedule**

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

## **Index calculation and dissemination schedule**

The Indexes are calculated during the trading day based on the Last Sale Price and are 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**

Securities that meet the applicable Security Eligibility Criteria are considered for inclusion based on the following ordered criteria for each of the Indexes.

### **US Multi-Asset Equity Index**

- The top 50 securities ranked by dividend yield over the trailing twelve-month period are selected.
- If fewer than 50 securities remain after the screens, the securities that are next eligible based on the volatility screen are added until there are 50 Index securities.

### **US Multi-Asset REIT Index**

- The top 25 securities ranked by dividend yield over the trailing twelve-month period are selected.
- If fewer than 25 securities remain after the screens, the securities that are next eligible based on the volatility screen are added until there are 25 Index Securities.

### **US Multi-Asset Preferred Index**

- The 25 securities with the lowest combined score based on the highest dividend yield and lowest realized volatility over the trailing twelve-month period are selected.
- In the event of a tie, the security with the higher dividend yield will be selected.

### **US Multi-Asset MLP Index**

- The 25 securities with the lowest combined score based on the highest dividend yield and lowest realized volatility over the trailing twelve-month period are selected.

- In the event of a tie, the security with the higher dividend yield will be selected.
- If fewer than 25 securities remain after the screens, the securities that are next eligible based on the volatility screen are added until there are no more eligible securities or the Index reaches 25 Index Securities, whichever comes first. The Index may have fewer than 25 securities if there are not enough eligible securities.

### **US Multi-Asset High Yield Corporate Bond ETF Index**

- An ETF sponsored by First Trust Portfolio L.P. is selected.

## **CONSTITUENT WEIGHTING**

### **Constituent weighting scheme**

The Nasdaq US Multi-Asset Equity Index (NQMAEQY), Nasdaq US Multi-Asset REIT Index (NQMAREIT), Nasdaq US Multi-Asset Preferred Index (NQMAPREF) and Nasdaq US Multi-Asset MLP Index (NQMAMLP) are modified dividend yield-weighted indexes.

### **Constituent weighting process**

The Nasdaq US Multi-Asset Equity Index (NQMAEQY), Nasdaq US Multi-Asset REIT Index (NQMAREIT), Nasdaq US Multi-Asset Preferred Index (NQMAPREF), and Nasdaq US Multi-Asset MLP Index (NQMAMLP) are weighted as follows:

Index Securities' initial weights are determined by dividing each Index Security's trailing twelve-month dividend yield by the aggregate trailing twelve-month dividend yield of all Index Securities.

The initial weights are then adjusted to meet the following constraint:

- No Index Security weight may exceed 8% of the Index.

Nasdaq US Multi-Asset High-Yield Corporate Bond Index (NQMAFI) contains a single ETF with 100% weight in the Index.

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

## **INDEX MAINTENANCE**

### **Deletion policy**

If, at any time during the year other than the Index Reconstitution(s), an Index Security 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 in the NQMAEQY Index 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 in any of the Indexes within the family, except for NQMAPREF. For NQMAPREF, if a security is removed at any time other than an Index Reconstitution, it will be replaced at the next quarterly Rebalance by the next eligible security based on the ranking determined at the time of the annual Reconstitution in June.

## **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.”

## **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 **Calculation Manual – Equities and 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](mailto: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, please refer to the **Nasdaq Index Methodology Guide**.

## APPENDIX A: METHODOLOGY CHANGE LOG

Effective Date	Methodology Section	Previous	Updated
12/18/2023	Constituent Selection: US Multi-Asset MLP Index	<ul style="list-style-type: none"><li>• The 25 securities with the lowest combined score based on the highest dividend yield and lowest realized volatility over the trailing twelve-month period are selected.</li><li>• In the event of a tie, the security with the higher dividend yield will be selected.</li><li>• If fewer than 25 securities remain after the screens, the securities that are next eligible based on the volatility screen are added until there are 25 Index Securities.</li></ul>	<ul style="list-style-type: none"><li>• The 25 securities with the lowest combined score based on the highest dividend yield and lowest realized volatility over the trailing twelve-month period are selected.</li><li>• In the event of a tie, the security with the higher dividend yield will be selected.</li><li>• If fewer than 25 securities remain after the screens, the securities that are next eligible based on the volatility screen are added until there are no more eligible securities or the Index reaches 25 Index Securities, whichever comes first. The Index may have fewer than 25 securities if there are not enough eligible securities.</li></ul>

## 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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