Nasdaq US Style Index Family Methodology

Index Family Description

The Nasdaq US Style Index Family is comprised of size-segmented Value and Growth indexes.

Separately for the Large, Mid and Small Cap size segments, all securities are scored using value and growth metrics, which are aggregated into a composite score. The top 50% of securities with the strongest value-oriented composite score are assigned to the value index, and the remaining securities are assigned to the growth index.

Index Calculation

The Nasdaq US Style Indexes are float modified market capitalization weighted indexes. The value of the Index equals the aggregate value of the Index share weights, also known as the Index Shares[1], of each of the Index Securities multiplied by each such security's Last Sale Price[2], 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 Indexes began on October 20, 2014 at a base value of 1000.00.

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 versions of each of the Indexes are calculated – a price return index, a total return index, and a net total return index, as shown in **Appendix A.**

- The price return index is ordinarily calculated without regard to cash dividends on Index Securities.
- The total return index reinvests cash dividends on the ex-date.
- The net total return index reinvests cash dividends on the ex-date based on the security's incorporation withholding rate.

All Indexes reflect extraordinary cash distributions.

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[1] Index Shares are the free float shares outstanding determined by multiplying the total shares outstanding by the free float factor provided by FTSE International Limited (FTSE).

[2] 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.

The Indexes are calculated and disseminated once per second from 9:30:01 to 17:16:00 Eastern Time (ET) in USD. The closing value of the Index(es) may change up until 17:15:00 ET due to corrections to the Last Sale Price of the Index Securities.

Eligibility

Index eligibility is limited to specific security types only. The security types eligible for the Index include common stocks and REITs.

Eligibility Criteria

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

- be a component of the NASDAQ US Benchmark Index (NQUSB); and

Rebalance and Selection

Rebalancing and selection take place semi-annually in March and September, utilizing the most current market data available at the time of review.

First, securities which meet the applicable eligibility criteria are scored on several growth and value factors.

The growth factors used for scoring eligible securities are:

- trailing 3-year sales growth rate
- trailing 3-year earnings-per-share growth rate
- intermediate momentum

The value factors used for scoring eligible securities are:

- book value to price
- sales to enterprise value
- earnings to price

Second, each security's size segment is determined using its assignment within NQUSB (replace with full name), as defined in Section 3.3 Market Capitalization Segment Designation of the [NASDAQ Global Index Family Methodology](#).

Security factor data is grouped by size segment, and then z-scored. The z-scores are windsorized.

Security-level growth and value scores, as well as a security-level composite score, are calculated as follows:

- security-level value score = sum of that security's value factor z-scores
- security-level growth score = sum of that security's growth factor z-scores

- security-level composite score = that security's value score – that security's growth score

Within each size category, value assignments are given to those securities with a composite score in the top 50% by count.

Growth assignments are given to the remaining securities within each size classification.

Indexes are created based on the (3) size classifications and value or growth classifications.

Index Evaluation

The Indexes are evaluated quarterly semi-annually in March and September. Index Security additions and deletions are made effective after the close of trading on the third Friday of each March and September.

Additionally, if at any time during the year other than the Evaluation, an Index Security is determined to have become 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, the security is removed from the Index and is not replaced. Ordinarily, a security will be 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

Changes in the price and/or Index Shares driven by corporate events such as stock dividends, stock splits and certain spin-offs and rights issuances are adjusted on the ex-date. A change in the total shares outstanding arising from other corporate actions including, secondary offerings, stock repurchases, conversions, and acquisitions is made effective once a week.

Changes to the free float factor are made effective once a week.

In the case of a spin-off, if the spin-off security will meet the listing, domicile and incorporation criteria, it will be added to the same Index(es) as the parent company on the distribution date in accordance with Section 7.5 Spin-offs of the NASDAQ Global Index Family Methodology. The spin-off Index Security will be further evaluated for compliance with all eligibility criteria at the next Index Evaluation.

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 corresponding adjustment will be made to the Index Shares of the security such that the weight of the Index Security will not change as a result of the action. A special dividend may also be referred to as extra, extraordinary, non-recurring, one-time, unusual, etc.

Ordinarily, whenever there is a change in Index Shares, 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.

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

Appendix A

Symbol	Index Name	Description	Base Date
NQUSLG **NQUSLGT** **NQUSLGN**	Nasdaq US Large Cap Growth Index Nasdaq US Large Cap Growth Total Return Index Nasdaq US Large Cap Growth Net Total Return Index	The Nasdaq US Large Cap Growth Index includes growth securities from the Large-Cap segment of the NASDAQ US Benchmark Index.	10/20/14
NQUSLV **NQUSLVT** **NQUSLVN**	Nasdaq US Large Cap Value Index Nasdaq US Large Cap Value Total Return Index Nasdaq US Large Cap Value Net Total Return Index	The Nasdaq US Large Cap Value Index includes value securities from the Large-Cap segment of the NASDAQ US Benchmark Index.	10/20/14
NQUSMG **NQUSMGT** **NQUSMGN**	Nasdaq US Mid Cap Growth Index Nasdaq US Mid Cap Growth Total Return Index Nasdaq US Mid Cap Growth NTR Index	The Nasdaq US Mid Cap Growth Index includes growth securities from the Mid-Cap segment of the NASDAQ US Benchmark Index.	10/20/14
NQUSMV **NQUSMVT** **NQUSMVN**	Nasdaq US Mid Cap Value Index Nasdaq US Mid Cap Value Total Return Index Nasdaq US Mid Cap Value Net Total Return Index	The Nasdaq US Mid Cap Value Index includes value securities from the Mid-Cap segment of the NASDAQ US Benchmark Index.	10/20/14
NQUSSG **NQUSSGT** **NQUSSGN**	Nasdaq US Small Cap Growth Index Nasdaq US Small Cap Growth Total Return Index Nasdaq US Small Cap Growth Net Total Return Index	The Nasdaq US Small Cap Growth Index includes growth securities from the Small-Cap segment of the NASDAQ US Benchmark Index.	10/20/14
NQUSSV **NQUSSVT** **NQUSSVN**	Nasdaq US Small Cap Value Index Nasdaq US Small Cap Value Total Return Index Nasdaq US Small Cap Value Net Total Return Index	The Nasdaq US Small Cap Value Index includes value securities from the Small-Cap segment of the NASDAQ US Benchmark Index.	10/20/14

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