



INDEX METHODOLOGY

NASDAQ-100 TOP 30 HYBRID INCOME™ INDEX

NDXTTHI™

INDEX DESCRIPTION

The Nasdaq-100 Top 30 Hybrid Income Index (NDXTTHI), the “Index”, tracks the performance of a systematic strategy of purchasing long call options on the 30 largest stocks in the Nasdaq-100® Index (the “Top 30 Stocks”) combined with a Fixed Income ETF.

The Index aims to mimic a synthetic convertible note portfolio. A convertible note is a hybrid financial instrument that exhibits characteristics of both debt and equity. Here, the long call options capture the growth of the Top 30 Stocks while the Fixed Income ETF provides debt-like exposure to mitigate equity market volatility.

The Index rebalances once a year on the Rebalance Day, where long positions of new one-year call options on the Top 30 Stocks are notionally purchased. The strategy aims to allocate 10% of the Index value to a portfolio of long call options to achieve a full notional exposure to the Top 30 Stocks. The long call options are sized by their relative weights in the Nasdaq-100® Index. The remainder of the Index value is allocated to the Fixed Income ETF.

Unless stated otherwise, all capitalized terms used in this document are defined in Appendix A: Definitions.

INDEX CALCULATIONS

Index value

On the Index Base Date, the value of the Index is initialized to the Index Base Value. For any Index Calculation Day t after the Index Base Date, the Index values are calculated in accordance with the following formula:

$$I_t = U_{E,t} \times P_{E,t} + \sum_{i=1}^{N_t} U_{i,t} \times C_{i,t}$$

Please reference Appendix B: Glossary of Symbols for variable definitions.

Long call option units

For each Index Calculation Day t , the units of long call option i in the Options Portfolio is determined in accordance with the following process:

If such Index Calculation Day is a Rebalance Day:

$$U_{i,t} = \frac{U_{E,t-1} \times (P_{E,t} + CD_{E,t})}{P_{i,t}} \times TE_{i,t}$$

If such Index Calculation Day is an Option Exit Date for option i :

$$U_{i,t} = 0$$

Otherwise:

$$U_{i,t} = U_{i,t-1}$$

For the Index Base Date (t_0), the units of the long call option i in the Options Portfolio is calculated in accordance with the following formula:

$$U_{i,t_0} = \frac{Index_Base_Value}{P_{i,t_0}} \times TE_{i,t_0}$$

Long fixed income ETF units

For each Rebalance Day t , the units of the Fixed Income ETF are determined according to the following formula:

$$U_{E,t} = \frac{U_{E,t-1} \times (P_{E,t} + CD_{E,t}) - \sum_{i=1}^{30} U_{i,t} \times C_{i,t}^{ask}}{P_{E,t}}$$

For any Index Calculation Day t that there is an Option Exit Date for one or more long call options in the Options Portfolio, then the units of the Fixed Income ETF are determined according to the following formula:

$$U_{E,t} = \frac{U_{E,t-1} \times (P_{E,t} + CD_{E,t}) + \sum_k U_{k,t-1} \times C_{k,t}^{bid} + \sum_j U_{j,t-1} \times \max(0, P_{j,t} - K_{j,t})}{P_{E,t}}$$

where:

j = the set of options being exited on day t and that are expiring on such day.

k = the set of options being exited on day t and that are not expiring on such day.

For any other Index Calculation Day t , other than the Index Base Date (t_0), the units of the Fixed Income ETF are determined according to the following formula:

$$U_{E,t} = \frac{U_{E,t-1} \times (P_{E,t} + CD_{E,t})}{P_{E,t}}$$

For the Index Base Date (t_0), the units of the Fixed Income ETF are calculated in accordance with the following formula:

$$U_{E,t_0} = \frac{\text{Index_Base_Value} - \sum_{i=1}^{30} U_{i,t_0} \times C_{i,t_0}}{P_{E,t_0}}$$

SELECTION PROCESS

Reference stock selection

For each Rebalance Day t , the 30 largest stocks in Nasdaq-100® Index are selected (the “Selected Stocks”).

Weights determination

For each Rebalance Day t , the target exposure of each of the Selected Stocks i is determined in accordance with the following process:

1. Order the Selected Stocks in descending order of their weight in the Nasdaq-100 (w_i).
2. Allocate a Target Exposure ($TE_{i,t}$) to each of the Selected Stocks in accordance with the following formula:

$$TE_{i,t} = \text{Min} \left(10\%, (100\% - \sum_{j<i} TE_j) \times \frac{w_i}{\sum_{i=1}^{30} w_i - \sum_{j<i} w_j} \right)$$

Expiration selection

For each Rebalance Day and each Selected Stock, the target option expiration date for all the Selected Stocks for that day is the standard third Friday of January of the following year. The option expiration date selected for each Selected Stock shall be the expiration date of Exchange-listed options for such stock that is closest to but not after the target option expiration date.

Strike price selection

For each Rebalance Day, the selected call option for each Selected Stock shall be the Exchange-listed call option with an expiration date equal to the selected expiration date for such Selected Stock and a strike price ($K_{i,t}$) equal to the strike price of the call option whose ask price is closest to 0.10 multiplied by the closing price of such stock on that Rebalance Day t . If two or more such call options have the same closest ask price, then the call option with the lowest strike price is selected.

Rebalancing

The Index is rebalanced annually on the third Friday of January. On each Rebalance Day, the Index will contain call options on each of the 30 largest stocks in the Nasdaq-100® Index. On each Index

Calculation Day thereafter, there may be fewer options due to the occurrence of one or more Option Exit Dates.

Corporate actions – fixed income ETF

Cash distributions paid by the Fixed Income ETF are reinvested into the Fixed Income ETF Component on the ex-date. Other corporate actions relating to the Fixed Income ETF will be handled in accordance with the [Nasdaq Corporate Action and Events Manual – Equities](#).

Corporate actions – options

Corporate actions by companies can result in adjustments made to options contracts on the company's stock. For U.S. exchange-listed options, option contract adjustments are determined by the Options Clearing Corporation (OCC) on a case-by-case basis. For more information about adjustments made to option contracts, please refer to the [OCC website](#).

The purpose of a contract adjustment is to adjust the terms of such contract to maintain price continuity and the value of an affected contract immediately before and after a corporate action with the exception of ordinary dividend distributions or other distributions where the value of the distribution is less than \$0.125 per share, which are generally not adjusted for.

The Index follows the guidelines provided by the OCC to apply adjustments to the options contracts, if necessary.

INDEX CALENDAR

Holiday schedule

The Index is calculated Monday through Friday, except on days when all of the primary exchanges for the Components are scheduled to be closed (the "Holiday Schedule").

Index calculation and dissemination schedule

Index values are made available after the market close on each Index Calculation Day via the [Nasdaq Global Index Watch \(GIW\) website](#).

ADDITIONAL INFORMATION

Announcements

Nasdaq announces Index-related information via the [Nasdaq Global Index Watch \(GIW\) website](#).

For more information on the general Index Announcement procedures, please refer to the [Nasdaq Index Methodology Guide](#).

Recalculation and restatement policy

For information on the Recalculation and Restatement Policy, please refer to the [Nasdaq Index Recalculation Policy](#).

Contact information

For any questions regarding an Index, please contact the Nasdaq Index Client Services team at indexservices@nasdaq.com.

Index dissemination

Where applicable, Index values and weightings information are available through the [Nasdaq Global Index Watch \(GIW\) website](#) 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, please see the [Nasdaq Index Methodology Guide](#).

Website

For further information, please refer to the [Nasdaq Global Index Watch \(GIW\) website](#).

FTP and dissemination service

Where applicable, 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, please refer to the [Nasdaq Index Methodology Guide](#).

APPENDIX A: DEFINITIONS

Term	Description
Components	In respect of an Index Calculation Day, the Fixed Income ETF and each option in, or selected to be in, the Options Portfolio for that day.
Consequences of a Market Disruption Event	If a Market Disruption Event occurs or is occurring on an Index Calculation Day that the Index Administrator determines materially affects the Index, the Index Administrator may: <ul style="list-style-type: none"> • Delay the calculation of the Index and halt the dissemination of the value of the Index and /or other information relating to the Index until such time, which may be a subsequent Index Calculation Day, that the Index Administrator determines that such Market Disruption Event is no longer occurring. • Determine a good faith estimate of any affected or missing input data required to calculate the Index or the value of the Index for such Index Calculation Day or time for such Index Calculation Day.
Disrupted Day	In respect of a Component, an Index Calculation Day on which there is a Market Disruption Event.
Exchange	In respect of a Component, the primary exchange for that Component.
Ex-Date	In respect of a Component, the effective date of a cash distribution or any other corporate action.
Fixed Income ETF	The iShares 3-7 Year Treasury Bond ETF (symbol: IEI)
Index Base Date	January 21, 2005
Index Base Value	100.00
Index Calculation Day	Starting with the Index Base Date, each weekday that is not a scheduled holiday according to the Holiday Schedule as defined in the <i>Index Calendar</i> section.
Market Disruption Event	In respect of a Component, the occurrence of one or more of the following events that affects that Component and that the Index Administrator deems to be material to the Index: <ul style="list-style-type: none"> • Trading Disruption: Any unscheduled closure of the Exchange; a material suspension, limitation or disruption of trading on the Exchange; a failure of the Exchange to publish the relevant price, level, value or other information; a halt in trading, such as a circuit breaker or other exchange imposed halt; or any other event that materially affects the ability of market participants to trade, effect transactions in, maintain or unwind positions in that Component. • Exchange Disruption: Any exchange related event that disrupts or impairs the ability of market participants to effect transactions or obtain market values or price discovery of a component used directly or indirectly in the Index. • Price Failure: Any event that impairs or prevents the ability of the Index Administrator to obtain a relevant price, level, rate, value or any other information from an exchange or other source necessary, on a timely basis and in a manner acceptable to the Index Administrator, in order to perform the calculation of the Index. • Inaccurate Data: The price or value of a component that has been calculated by reference to data that, in the determination of the Index

	<p>Administrator, is inaccurate, incomplete and/or does not adequately reflect the true market price or value of such component.</p> <ul style="list-style-type: none"> • Force Majeure: Any event or circumstance (including, without limitation, a systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance, or restrictions due to emergency powers enforced by federal, state or local government agencies), that is beyond the reasonable control of the Index Administrator and that the Index Administrator determines, in its sole discretion, affects the Index, a component of the Index, any input data required to calculate the Index, or that prevents the ability of the Index Administrator to calculate the Index. • General Moratorium: The Index Administrator observes on any day that there has been a declaration of a general moratorium in respect of banking activities in any relevant jurisdiction.
Option Exit Date	<p>In respect of each stock option in the Options Portfolio, the earlier of the following dates:</p> <ul style="list-style-type: none"> • The Index Calculation Day immediately preceding the next Rebalance Day. • The expiration date of the option contract. • If the underlying stock of such option is to delist from the Nasdaq Stock Exchange, then the Index Calculation Day immediately preceding the last trading date prior to delisting.
Options Portfolio	<p>In respect of an Index Calculation Day, the set of options on the Top 30 Stocks in, or selected to be in, the Index for that day.</p>
Rebalance Day	<p>The third Friday of January of each year. If such third Friday is a scheduled holiday, then the first day prior to the third Friday of January that is not a scheduled holiday.</p>
Rebalance Day Disruption	<p>If a Rebalance Day is a Disrupted Day for an option of one of the Selected Stocks, then the strike selection and option entry for such stock shall occur on the next Index Calculation Day that is not a Disrupted Day for that option.</p>

For additional key term not defined above, please refer to the [Nasdaq Index Methodology Guide](#).

APPENDIX B: GLOSSARY OF SYMBOLS

Symbol	Description
I_t	The Index value calculated on day t .
$U_{E,t}$	The units of the Fixed Income ETF for day t .
$P_{E,t}$	The price of the Fixed Income ETF for day t .
$CD_{E,t}$	The cash distribution for the Fixed Income ETF where the ex-date is day t .
$U_{i,t}$	The units of call option i for day t .
N_t	The number of long call options in the Options Portfolio on Index Calculation Day t .
$P_{i,t}$	The underlying stock price of call option i for day t .
$C_{i,t}^{ask}$	The closing NBBO ask price of call option i for day t .
$C_{i,t}^{bid}$	The closing NBBO bid price of call option i for day t .
$C_{i,t}$	The closing NBBO mid-price of call option i for day t .
$K_{i,t}$	The strike price of call option i for day t .
$w_{i,t}$	The weight of stock i in the Nasdaq-100® Index for Rebalance Day t .
$TE_{i,t}$	The target exposure, expressed as a percentage, of stock i in the Selected Stocks on Rebalance Day t .

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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