



INDEX METHODOLOGY

## NASDAQ SPROTT SILVER MINERS™ INDEX

### NSLVR™

#### INDEX DESCRIPTION

The Nasdaq Sprott Silver Miners Index is designed to track the performance of a selection of securities in the silver industry, including silver producers, non-producers, and physical silver. Silver is a raw material with a dual role as a precious metal and an industrial metal essential for electrical applications. Silver is critical for the transition from fossil fuels to cleaner energy sources and technologies.

#### SECURITY ELIGIBILITY CRITERIA

##### Security types

A security must be classified as a common stock. Additionally, eligible securities include closed-ended trusts investing in physical silver that are sponsored by Sprott<sup>1</sup> e.g. Sprott Physical Silver Trust (PSLV).

A security must not be classified as a China A-Share.

##### Multiple securities per issuer

One security per issuer is permitted. If an issuer has multiple otherwise-eligible securities, one of which is an Index Security as of the Reconstitution Reference Date, only that Index Security may be eligible; otherwise, only the security with the highest three-month average daily traded value may be eligible.

##### Listing Exchanges

A security must not be listed on the Shanghai or Shenzhen stock exchanges.

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<sup>1</sup> The closed-ended trusts investing in physical silver that are sponsored by Sprott are exempt from the remaining security eligibility criteria.

## Industries and sectors

A security's issuer must be classified by Sprott as a growing Silver Producer, Developer or Explorer. Classification is based on the definitions below. All references to "revenue" are references to gross revenue as reported in a company's most recent available audited financial statements.

- **Producers:** companies that extract silver and that have a significant percentage of their revenue tied to the sale of silver.
- **Non-Producers:**
  - **Developers:** companies that have the majority of their operations related to preparing mines for silver production.
  - **Explorers:** companies that have the majority of their operations related to searching for silver.

Additionally, a security's issuer must have a Silver Intensity Score of at least 25% i.e., at least 25% of its revenues should be attributable to the aforementioned strategy of this Index.

## Market capitalization

The issuer of a security not in the Index as of the Reconstitution Reference Date must have a free float market capitalization of at least \$30 million (USD).

The issuer of a security in the Index as of the Reconstitution Reference Date must have a free float market capitalization of at least \$25 million (USD).

## Seasoning

To be eligible for initial index inclusion, a security must have been listed and available for trading on an eligible exchange for at least three full calendar months, not including the month of initial listing. For seasoning purposes, eligible exchanges include those not named as ineligible under Listing Exchanges in the Security Eligibility Criteria. The seasoning eligibility is determined as of the Reconstitution Reference Date and includes that month.

For example, to be considered for inclusion at the June Reconstitution, a security must have been listed and available for trading on an eligible exchange no later than the last trading day of February, with seasoning occurring over the months March, April, and May.

Any security that is already a member of the Index, including those added as the result of a spin-off event, will be exempt from the seasoning requirement.

## Liquidity

A security must have a three-month average daily traded value of at least \$20,000 (USD).

## **Other eligibility**

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 semi-annually in June and December 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 May and November.

### **Reconstitution announcement dates**

Index Reconstitutions are announced in early June and December.

### **Reconstitution effective dates**

Index Reconstitutions become effective at market open on the first trading day following the third Friday of June and December.

### **Rebalance schedules**

The Index is rebalanced semi-annually in June and December in conjunction with the Index Reconstitution. The Index Rebalance Reference Dates, Announcement Dates and Effective Dates are the same as those of the Index Reconstitution.

### **Holiday schedules**

The Index is calculated Monday through Friday and does not close for holidays.

## Index calculation and dissemination schedule

The Index Value is calculated five (5) days a week, Monday through Friday, once per second from the start of the trading day in Tokyo (09:00:01 Japan Standard Time) until the close of the trading day in New York (17:16:00 Eastern Time).

## CONSTITUENT SELECTION

Every security that meets all applicable Security Eligibility Criteria is included in the Index.

## CONSTITUENT WEIGHTING

### Constituent weighting scheme

The Index is a modified free-float market capitalization-weighted index.

### Constituent weighting process

Initial Index Security weights are determined using the process detailed below:

1. The weight of physical silver is set to 17.5%.
2. Remaining securities that pass all applicable Security Eligibility Criteria are grouped into two categories based on their Silver Intensity Score. Securities with a Silver Intensity Score of at least 50% are considered "Group 1," and securities with a Silver Intensity Score equal to or greater than 25% and less than 50% are considered "Group 2."
3. A modified market capitalization is determined for all securities in each group as detailed below:
  - a. Free float market cap (unadjusted) is used for Index Securities in Group 1.
  - b. A Theme-Adjusted Free Float Market Capitalization is calculated for Group 2 constituents by multiplying a security's free float market capitalization by its Silver Intensity Score.
4. The initial weight of each Index Security excluding physical silver is determined by dividing its modified market capitalization (as determined in Step 3) by the aggregate modified market capitalization of all Index Securities.

Initial weights are then adjusted in the following order:

5. Group 2 securities are subject to the following caps:
  - a. Maximum aggregated weight is 15%. Excess weight is redistributed to Group 1.
  - b. Maximum single security weight is 4.75%. Excess weight is redistributed within Group 2.
6. Group 1 securities are subject to the following caps (excess weight is redistributed within Group 1):

- a. Maximum single security weight is 24%.
- b. Group 1 securities with weight of more than 5% are then aggregated, and if this subset exceeds 31.5% of the Index weight, the smallest weights within this subset are capped at 4.75% until the subset no longer makes up more than 31.5% of the Index weight.
- c. Group 1 securities with weights of 5% or less, prior to the weight aggregation process as described in the step b, cannot have a weight above 4.75%.

The final index weight constraints are the following:

- The weight of Physical silver trust is set to 17.5%
- No security weight may exceed 24%
- The aggregate weight of all securities with a weight greater than 5% may not exceed 49%.

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 determines that an Index Security has or will undergo a fundamental alteration that would make it ineligible for Index inclusion, the Index Security is removed as soon as practicable. Such alternations may include a merger, acquisition or other major corporate event that would otherwise adversely affect the integrity of the Index.

### Corporate actions

In the interim periods between scheduled index reconstitution and rebalancing events, individual Index securities may be the subject to a variety of corporate actions and events that require maintenance and adjustments to the Index. With the exception(s) noted below, 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.”

### Replacement policy

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

## 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 **Nasdaq Index Policies & Procedures: Calculation Manual – Equities & 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, 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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