



# **Nasdaq 7HANDL™ Excess Return Index Methodology**

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# 1. INTRODUCTION

## 1.1 GENERAL DESCRIPTION

The Nasdaq 7HANDL™ Excess Return Index seeks to produce a daily return reflective of the performance of the Nasdaq 7HANDL™ Index after accounting for a daily withholding equivalent to a 7% annualized dividend return. The underlying Index is the Nasdaq 7HANDL™ Index (NQ7HANDLTL). The Nasdaq 7HANDL™ Index is identical in composition, weighting, and maintenance to the Nasdaq 7HANDL™ Base Index. The sole difference between the two indexes is that Nasdaq 7HANDL™ Index assumes daily leverage in the amount of 23% of the portfolio (net of the estimated cost of employing such leverage) relative to the performance of the Nasdaq 7HANDL™ Base Index.

The Nasdaq 7HANDL™ Excess Return Index is calculated as Price Return, Total Return, and Net Return in USD.

- + Nasdaq 7HANDL PER Index (NQ7HANDLLE)
- + Nasdaq 7HANDL TER Index (NQ7HANDLTLE)
- + Nasdaq 7HANDL NER Index (NQ7HANDLNLE)

## 1.2 INDEX RULES FOR THE UNDERLYING INDEX

See the “Nasdaq 7HANDL Index Methodology”.

## 1.3 THE INDEX FORMULA

The formula for calculating the Indexes are:

The Price Excess Return Index is calculated according to the following formula:

- +  $PER_t = PER_{t-1} \left( \frac{PR_t}{PR_{t-1}} - ExcRt \times \frac{day}{365} \right)$
- +  $PER_{t-1}$  = Price Excess Return Index Value previous calculation date
- +  $PER_t$  = Price Excess Return Index Value on t
- +  $PR_{t-1}$  = Price Return Index Value previous calculation date
- +  $PR_t$  = Price Return Index Value on t
- +  $ExcRt = 7.0\%$
- +  $day = \text{number of calendar days between business day } t - 1 \text{ and } t$

The Total Excess Return Index is calculated according to the following formula:

- +  $TER_t = TER_{t-1} \left( \frac{TR_t}{TR_{t-1}} - ExcRt \times \frac{day}{365} \right)$
- +  $TER_{t-1}$  = Total Excess Return Index Value previous calculation date
- +  $TER_t$  = Total Excess Return Index Value on t
- +  $TR_{t-1}$  = Total Return Index Value previous calculation date
- +  $TR_t$  = Total Return Index Value on t
- +  $ExcRt = 7.0\%$

- + day = number of calendar days between business day  $t - 1$  and  $t$

The Net Excess Return Index is calculated according to the following formula:

- +  $NER_t = NER_{t-1} \left( \frac{NR_t}{NR_{t-1}} - ExcRt \times \frac{day}{365} \right)$
- +  $NER_{t-1}$  = Net Excess Return Index Value previous calculation date
- +  $NER_t$  = Net Excess Return Index Value on  $t$
- +  $NR_{t-1}$  = Net Return Index Value previous calculation date
- +  $NR_t$  = Net Return Index Value on  $t$
- +  $ExcRt = 7.0\%$
- + day = number of calendar days between business day  $t - 1$  and  $t$

### 1.3.1 NASDAQ 7HANDL LEVERAGED AND SHORT INDEXES

Index	Underlying Index	Symbol	Base Date	Base Value	Currency
Nasdaq 7HANDL PER Index	Nasdaq 7HANDL PR Index	NQ7HANDLL	12/13/2017	1000.00	USD
Nasdaq 7HANDL TER Index	Nasdaq 7HANDL Index	NQ7HANDLTL	12/13/2017	1000.00	USD
Nasdaq 7HANDL NER Index	Nasdaq 7HANDL NTR Return Index	NQ7HANDLNL	12/13/2017	1000.00	USD

### 1.3.2 CALCULATION AND DISSEMINATION FREQUENCY

The Indexes are calculated during the trading day and is disseminated every fifteen seconds from 09:30:15 to 17:16:00 ET, while the Underlying Indexes is calculated and disseminated once per second. The closing value of the Indexes may change up until 17:15:00 ET due to corrections to the closing value of the Underlying Indexes.

## 2. DISCRETIONARY ADJUSTMENTS

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

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