INDEX METHODOLOGY

KBW NASDAQ FINANCIAL SECTOR DIVIDEND YIELD™ INDEX

KDX™

INDEX DESCRIPTION

The KBW Nasdaq Financial Sector Dividend Yield Index (the "Index") is designed to track the performance of financial companies that are publicly traded in the U.S. with competitive dividend yields. The Index includes companies primarily engaged in the business of providing financial services and products. Index-eligible components are selected by the Index Committee.

SECURITY ELIGIBILITY CRITERIA

To qualify for initial index inclusion, securities must meet the following Security Eligibility Criteria, which are applied by the Index Committee as of the Reconstitution Reference Date.

Security Types

Eligible security types generally include common stocks, limited partnership interests, shares or units of beneficial interest and shares of limited liability companies.

Multiple Securities per Issuer

One security per issuer is permitted. If an issuer has multiple otherwise-eligible securities, only the security with the highest one-month average daily trading volume (ADTV) may be eligible.

Listing Exchanges

A security must be listed on a U.S. exchange as defined in the **Nasdaq Eligible Exchanges**.

Industries and Sectors

A security must be classified as a company that is primarily engaged in the business of providing financial services and products as determined by the Index Committee.

Liquidity

A security must have a one-month ADTV of at least 100,000 shares.

Seasoning

A security must have been traded for at least three full calendar months prior to the Reconstitution Reference Date.

Float

At least 20% of a security’s total shares outstanding must be publicly available for trading (float shares).

Other Eligibility Criteria

A security must pay a regular dividend.

A security must have a minimum stock closing price of 5.00 United States Dollars (USD).

A security must have listed options on a recognized options market in the U.S. or be eligible for listed options trading on a recognized options market in the U.S., if organized outside of the U.S.

If, at index 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 for bankruptcy or similar protection from creditors, or other events as described in Section 3 of **Corporate Actions and Events Manual – Equities**.

CONSTITUENT SELECTION

The Index is determined by a five-member Index Committee (“the Index Committee”) consisting of four full-time KBW employees and one full-time Nasdaq employee. The objective of the Index Committee is to develop and maintain indexes that seek to replicate certain market, industry and geographic segments. The Index Committee meets at a minimum on a quarterly basis and reviews any pending corporate actions affecting current Index Securities and companies being considered for index inclusion, including a review of relevant market news and events. The Index Committee reserves the right to alter index methodology and matters pertaining to index maintenance as necessary. All Index Committee discussions and meeting minutes are confidential.

Constituent Selection Process

An index reconstitution is conducted quarterly based on the Reconstitution Reference Date.

The selection process involves initial and continued inclusion, each applied during their respective months. For more details on the index reconstitution schedule, please refer to the *Index Calendar*.

Initial Inclusion

To be eligible for initial inclusion in the Index, a security must meet all *Security Eligibility Criteria* as determined by the Index Committee. The Index Committee also reviews the distribution of eligible securities by financial sub-industry classification (e.g. Mortgage REITs, BDCs, banking institutions, etc.) such that no one particular financial sub-industry classification is overly represented in the Index. It is therefore possible for lower yielding securities from financial sub-industry groups to be included in the Index, not simply the highest yielding eligible financials.

Continued Inclusion

For continued inclusion in the Index, an Index Security is assessed against the following criteria, as determined by the Index Committee:

- Listed on a U.S. exchange as defined in the **Nasdaq Eligible Exchanges**.
- Primarily engaged in the business of providing financial services and products.
- Pays a regular dividend.

If an Index Security fails to meet these continued inclusion criteria, the Index Committee may remove or replace it with another security that best represents the intended market character of the Index.

CONSTITUENT WEIGHTING

Constituent Weighting Scheme

The Index is a modified dividend yield weighted index.

Constituent Weighting Process

An index rebalance is conducted quarterly based on the Rebalance Reference Date.

The Index employs a modified dividend yield weighted scheme. Index Securities' initial weights are determined by comparing each Security's indicated dividend yield to the dividend yield of all Index Securities.

The initial Index weights are adjusted such that the maximum weight of any Index Security does not exceed 8% and no more than 5 securities are at that cap.

- The excess weight of any capped security is distributed proportionally across the remaining Index Securities.
- Next, any remaining Index Securities in excess of 4% are capped at 4% and the excess weight will be redistributed proportionally across the remaining Index Securities.
- The process is repeated, if necessary, to derive the final weights.

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

INDEX CALENDAR

Reconstitution & Rebalancing Schedule

Reconstitution Frequency	**Quarterly** • **Initial Inclusion**: December • **Continued Inclusion:** March, June, and September
Rebalance Frequency	Quarterly
Reconstitution Reference Dates	15th day of November, February, May, and August, respectively *(If the 15th falls on a holiday or weekend, the prior trading day is used instead)*
Reconstitution Announcement Dates	After the close on the sixth trading day prior to the Reconstitution Effective Date
Reconstitution Effective Dates	At market open on the first trading day after the third Friday in December, March, June, and September, respectively
Rebalance Reference Dates	Last trading day of November, February, May, and August, respectively
Rebalance Announcement Dates	Same as Reconstitution Announcement Dates
Rebalance Effective Dates	Same as Reconstitution Effective Dates

Holiday Schedule

The Index is calculated Monday through Friday, except on days when the U.S. markets are closed.

Index Calculation and Dissemination Schedule

Index values are made available on each trading day via the Nasdaq Global Index Watch (GIW) website at https://indexes.nasdaqomx.com/. Where applicable, index values are available throughout the trading day.

INDEX MAINTENANCE

Deletion Policy

If, at any time other than an index reconstitution, Nasdaq becomes aware that an Index Security has become ineligible to remain in the Index, it is removed from the Index as soon as practicable. This includes events such as filing for bankruptcy or similar protection from creditors, delisting, or other arrangement including mergers and acquisitions. Additionally, an Index Security that suspends its dividend payments 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. Refer to the **Corporate Actions and Events Manual – Equities** for further information.

Replacement Policy

If, at any time other than an index reconstitution, an Index Security is removed from the Index, it may be replaced at the next scheduled index reconstitution with the next eligible security based on the Index Committee's determination.

Corporate Actions

Information on corporate actions handling can be found in the **Corporate Actions and Events Manual – Equities**.

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 reconstitution and rebalance events.

ADDITIONAL INFORMATION

Announcements

Nasdaq announces Index-related information via the Nasdaq Global Index Watch (GIW) website at https://indexes.nasdaqomx.com/.

For more information on the general Index Announcement procedures, refer to the **Nasdaq Index Methodology Guide**.

Unexpected Market Closures

For information on Unexpected Market Closures, 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), refer to the **Calculation Manual – Equities and Commodities**.

Recalculation and Restatement Policy

For information on the Recalculation and Restatement Policy, refer to the **Nasdaq Index Recalculation Policy**.

Data Sources

For information on data sources, refer to the **Nasdaq Index Methodology Guide**.

Contact Information

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

Index Dissemination

Index values and weightings information are available through the 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, refer to the **Nasdaq Index Methodology Guide**.

Website

For further information, refer to the 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.**

APPENDIX A: METHODOLOGY CHANGE LOG

Effective Date	Methodology Section	Previous	Updated
7/6/2026	Security Eligibility Criteria: Listing Exchanges	A security must be listed on the CBOE BZX Exchange, The Nasdaq Stock Market, the New York Stock Exchange or NYSE American.	A security must be listed on a U.S. exchange as defined in the **Nasdaq Eligible Exchanges**. *Note: This update includes the treatment of TXSE as an eligible U.S. exchange.*
7/6/2026	Constituent Selection: Constituent Selection Process: Continued Inclusion	Listed on the CBOE BZX Exchange, The Nasdaq Stock Market, the New York Stock Exchange, or NYSE American.	Listed on a U.S. exchange as defined in the **Nasdaq Eligible Exchanges**. *Note: This update includes the treatment of TXSE as an eligible U.S. exchange.*

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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