The Nasdaq Generations 5 Index

Frequently Asked Questions

What are the components of the Nasdaq Generations 5 Index:
The Index is a multi-asset, risk-controlled strategy featuring two equity components, the Nasdaq-100® (NDX®) and the Nasdaq Next Generation 100™ (NGX™), and two fixed income components, medium-term (10Y) or short-term (2Y) US Treasury Futures, along with non-interest-bearing cash.

For additional information on the Nasdaq-100® and Nasdaq Next Generation 100™ indexes, including selection methodology, visit:

**NDX Methodology:** indexes.nasdaq.com/docs/Methodology_NDX.pdf
**NGX Methodology:** indexes.nasdaq.com/docs/Methodology_NGX.pdf

How are the components allocated?
The Index has an annual target volatility of 5%, using the truVol® Risk Control Engine (RCE) to dynamically allocate between the equity components, fixed income components and non-remunerating cash in aiming to achieve the volatility target. Developed by Salt Financial, the RCE is designed to offer higher levels of responsiveness and accuracy in targeting volatility for risk-controlled indices.

The process begins by allocating a 70/30 blend of the Nasdaq-100® and Nasdaq Next Generation 100™ indexes using a volatility budget of 5%. The remaining weight is then allocated to US Treasury Futures (10Y or 2Y) and/or a hypothetical cash position, seeking to diversify the portfolio and mitigate the impact of market fluctuations.

For more detail on the Index methodology, visit: truvol.saltfinancial.com

How frequently does the index rebalance?
The Index is rebalanced daily to help maintain volatility near 5% and reflects the return of the components net of any hypothetical costs to fund an investment in them (Excess Return). In aiming to achieve its volatility target, the Index may use leverage of up to 150%.

Although the Index is designed to target a specific risk level, there are no guarantees the Index will achieve these results.
What determines the fixed income component?

While the equity component maintains a consistent 70/30 allocation to Nasdaq large-cap (NDX®) and mid-cap growth equities (NGX™), the fixed income component uses a 2-step mechanism designed to help maximize diversification and mitigate exposure to rising interest rates. Stocks and bonds historically offer more diversification as they tend to be less correlated to each other. The Index uses a rules-based approach to allocate to 10Y Treasuries if the correlation to the Nasdaq-100 is historically low and to 2Y Treasuries if correlation is relatively high.

In addition, the Index attempts to mitigate interest rate risk by switching the Treasury exposure to cash in the event either the 10Y or 2Y futures are trading below their 200-day moving average, a simple indicator of price momentum.

What is truVol and how does it work?

Salt Financial's truVol RCE is a patent-pending toolkit adapted from academic research and designed to provide more responsiveness in comparison to traditional risk control mechanisms. truVol uses historical intraday prices, seeking to improve forward-looking estimates of volatility with more data points. Compared to traditional methods that use only daily closing prices, truVol captures over 20 price points per day.

truVol estimates are used through the process, helping determine component weights by risk as well as adjusting the portfolio with an allocation to hypothetical cash in aiming to maintain the volatility target.

For more information on truVol, visit truvol.saltfinancial.com or contact info@saltfinancial.com.

What is the ticker and where can I find data on the index?

Nasdaq Generations 5™ current and historical index levels are available on major market data vendors such as Bloomberg or Refinitiv under the ticker NDXGEN5™.

More detailed component and weightings information is available from Nasdaq's premier delivery service, Nasdaq Global Index Watch (GIW), using a secure website interface.

For GIW subscription information, contact Nasdaq Global Data Sales at DataSales@nasdaq.com.

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