Nasdaq | SALT FINANCIAL

Nasdaq Insurance Solutions

Empowering Investors with Enhanced Risk Management: Nasdaq-100 Volatility Control™ Indexes

Nasdaq: A Leading US and Global Exchange Operator with World-Class Indexing Capabilities

Leveraging its extensive resources and brand recognition as the home of the world's most innovative companies, Nasdaq continues to push boundaries in the index business.

At the forefront of Nasdaq's index offerings stands the Nasdaq-100 Index®, globally respected for defining today's modern-day industrials. This benchmark has consistently outperformed other US benchmark indexes, attracting investors seeking exposure to the most innovative growth and technology stocks listed on Nasdaq.

Nasdaq-100 Volatility Control™ Indexes: Empowering Investors with Enhanced Risk Management

Nasdaq's remarkable achievements are rooted in its steadfast dedication to understanding and addressing the dynamic needs of the market. In line with this commitment, Nasdaq has joined forces with Salt Financial to unveil a series of Nasdaq-100 Volatility Control™ Indexes.

These indexes help empower investors to manage their exposure to volatility while benefiting from the renowned Nasdaq-100 Total Return™ Index (XNDX). Each index aims for a consistent level of volatility, 5%, 7%, 10% and 12% respectively, enabling investors to align their investment goals with their risk tolerance.

Index Name	Ticker	Return*	Volatility	Sharp Ratio
Nasdaq-100 Volatility Control 5% Index™	XNDX5E™	4.40%	4.92%	0.90
Nasdaq-100 Volatility Control 7% Index™	XNDX7E™	6.15%	6.89%	0.89
Nasdaq-100 Volatility Control 10% Index™	XNDX10E™	8.68%	9.85%	0.88
Nasdaq-100 Volatility Control 12% Index™	XNDX12E™	9.99%	11.73%	0.85
Nasdaq-100 Total Return®	**XNDX®**	**13.73%**	**22.15%**	**0.56**

*Fed Funds return (1.41%) decremented from the Nasdaq-100 Total Return performance

Source: Nasdaq, Salt Financial. December 31, 2003 through June 30, 2023. Past performance may not be indicative of future performance.

The Methodology

By harnessing the rich information in intraday data, the indexes utilize an advanced volatility control mechanism that helps deliver greater responsiveness and increased participation through the range of volatility targets, allowing for alignment with product objectives and options budgets.

Index Construction

1

Underlying Index

Nasdaq-100 Total Return™ (XNDX)

2

Exposure Ratio

Use truVol to estimate XNDX volatility and scale the exposure with cash (or leverage up to 150%) to target the specified level of volatility.

3

Dynamic Risk Scaling

Adjust the exposure of XNDX by up or down 20% based on short-term volatility trend determined by the truVol Dynamic Risk Scalars.

4

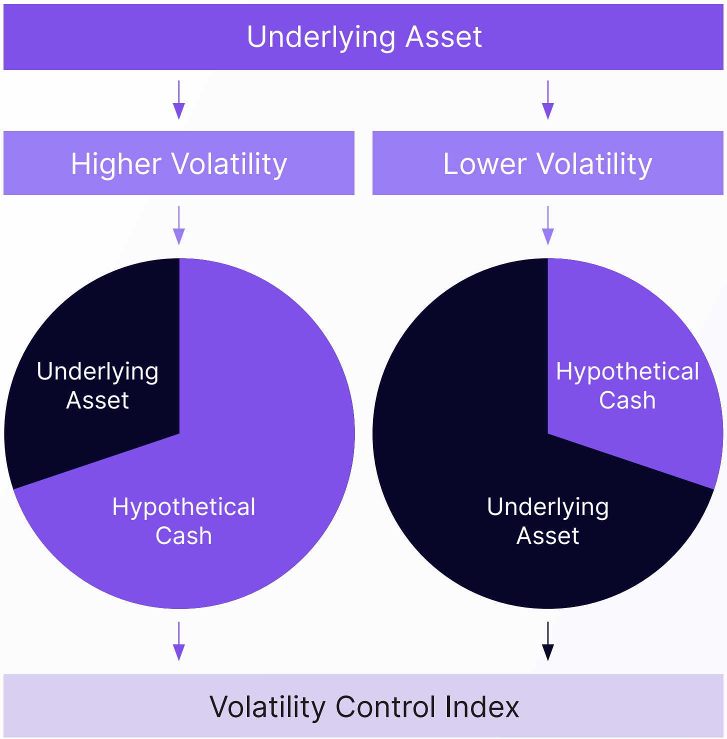
Volatility Adjustment Factor

Adjust final exposure based on trailing volatility on the index itself to help better maintain the specified volatility level.

Enhanced Returns with Stable Volatility: Introducing the truVol® Risk Control Engine (RCE)

Developed by Salt Financial, truVol utilizes a volatility model based on intraday prices to enable faster reactions to market events.

The dynamic rebalancing feature helps achieve optimal performance by adjusting exposure to the underlying asset to achieve the desired level of volatility. In times of high volatility, exposure is reduced to mitigate risk. Conversely, when volatility is low, exposure is increased to target the specified volatility threshold.



Benefits of Volatility Control:

The benefits of volatility control are significant; by stabilizing index returns and containing volatility around targeted levels, these mechanisms improve options pricing and can help reduce drawdowns, increasing potential upside for investors. Furthermore, better pricing allows for better participation rates, leading to improved interest crediting for annuitants. The stability offered by volatility control allows for more consistent participation rates during the renewal process, providing investors with a sense of assurance.

Link to Nasdaq-100:

Nasdaq-100 Index®: The New Definition of Modern Industrials

Our globally respected Nasdaq-100 Index® redefines modern industrials, consistently outperforming other U.S. benchmarks. Offering investors exposure to the foremost innovative growth and technology stocks listed on Nasdaq, we ensure your journey aligns with our mission of empowerment and enrichment.

The Nasdaq-100 Total Return™ Index (XNDX™) is designed to capture the total return generated by holding stocks within the Nasdaq-100 Index®, considering both price appreciation and reinvested dividends. It provides a comprehensive view of the overall performance for investors.

In the Volatility Control Indexes suite, XNDX™ serves as the underlying asset. The suite dynamically adjusts exposure to XNDX™ based on market volatility; during high volatility periods, exposure to XNDX™ is reduced, while it is increased during low volatility periods. This dynamic rebalancing ensures a more predictable and stable volatility profile, enhancing risk management for investors.

Nasdaq-100 Volatility Control™ Indexes Annualized Returns

The backtested historical performance allow us to gain valuable insights into how these indexes might have performed under various market conditions.

While it's essential to consider that past performance does not guarantee future results, the backtested performance offer valuable information for investors looking to evaluate the potential of Nasdaq-100 Volatility Control™ Indexes.

Simulated Historical Performance:

Back tested returns using historical data through June 30, 2023

Index Name	YTD	1Y	3Y	5Y	10Y
Nasdaq-100 Volatility Control 5% Index™	9.70%	9.00%	5.08%	5.14%	5.91%
Nasdaq-100 Volatility Control 7% Index™	13.79%	12.74%	7.10%	7.20%	8.30%
Nasdaq-100 Volatility Control 10% Index™	19.95%	18.24%	10.17%	10.27%	12.03%
Nasdaq-100 Volatility Control 12% Index™	23.68%	21.24%	11.87%	11.87%	13.89%

The data presented in this information is sourced from Nasdaq and Salt Financial. It includes historical data collected from December 31, 2003 to June 30, 2023, unless otherwise specified. The annualized returns provided are for 3, 5, and 10-year periods. Please note that the Indexes started operating on July 31, 2023. Any data shown prior to this date is simulated. It is important to remember that past performance may not necessarily predict future performance.

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