

May 31, 2015

Equity Index

NORTHERN TRUST INTERNATIONAL QUALITY DIVIDEND INDEX

PARENT INDEX

Northern Trust International Large Cap

INDEX IDENTIFIER

Bloomberg: NTIQD (Price Return) / NTIQDTR (Total Return) / NTIQDNTR (Net Total Return)

FactSet: NTIQD (Price Return) / NTIQDTR (Total Return) / NTIQDNTR (Net Total Return)

Reuters: NTIQD (Price Return) / NTIQDT (Total Return) / NTIQDNTR (Net Total Return)

INDEX OVERVIEW

The Northern Trust International Quality Dividend Index is designed to provide exposure to a high-quality income-oriented universe of long-only international equity securities issued by non-U.S.-based companies, with an emphasis on long-term capital growth and a targeted overall beta¹ that is similar to that of the Northern Trust International Large Cap Index (the parent index). Companies included in the index are selected based on expected dividend payment and fundamental factors such as profitability, management expertise, and cash flow.

INDEX METHODOLOGY

Index construction begins with a universe of eligible securities². Securities ranking in the lowest quintile of quality³ based on our proprietary scoring model⁴, as well as those which do not pay a dividend, are removed prior to optimization⁵. All remaining eligible securities are then optimized based on their exposure to quantitative factors such as:

- Quality, as defined by our proprietary scoring model
- Dividend yield
- Beta

The objectives of optimization are to maximize the index's exposure to the quality factor, realize a dividend yield above the benchmark index, and achieve the desired beta target while minimizing the overall risk of the portfolio versus its benchmark as measured by standard risk models⁶.

For more details on this methodology, please visit the Northern Trust Index Services [webpage](#)

INDEX CHARACTERISTICS

	Index	NT INTL LARGE CAP INDEX
Number of Holdings	199	2,160
Anticipated Annual Turnover	40-75%	N/A
P/E	13.24x	16.91x
P/B	1.99x	1.78x
P/CF	8.96x	9.69x
Annualized Dividend Yield	5.25%	2.79%
ROE	-13.45	8.90
5yr Beta ¹	0.93	0.98
Wtd Avg Mkt Cap (\$ millions)	\$39,529	\$45,365

*Rounded to nearest hundredth

SECTOR WEIGHTINGS

	% Index	% NT INTL LARGE CAP INDEX
Consumer Discretionary	9.97	11.90
Consumer Staples	9.05	9.92
Energy	8.40	6.87
Financials	30.99	27.40
Health Care	7.56	9.12
Industrials	9.55	11.03
Information Technology	4.96	7.63
Materials	7.84	7.58
Telecommunication Services	6.87	5.07
Utilities	4.81	3.47
Total	100.00%	100.00%

*Sector weights may not add to 100% due to rounding

TOP TEN CONSTITUENTS (BY WEIGHT)

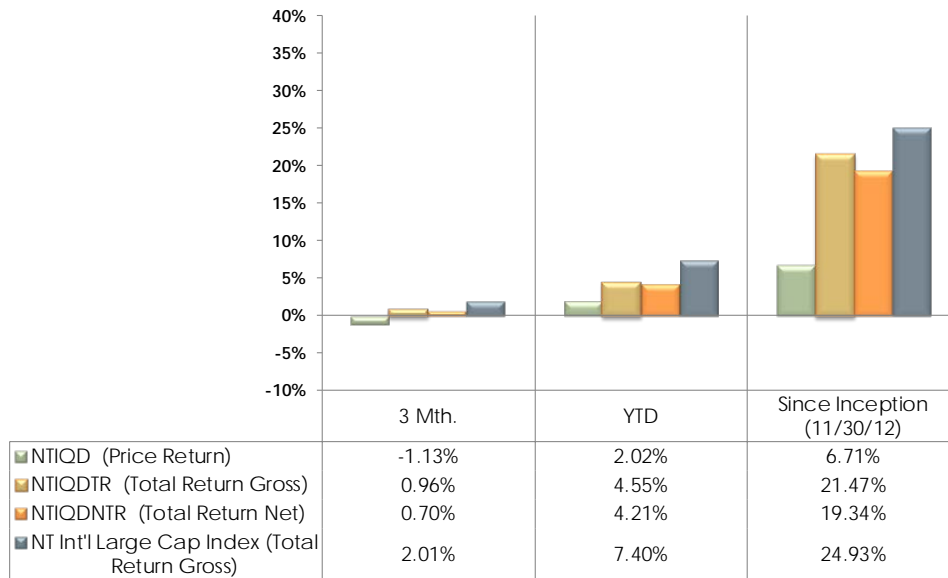
	% Index	Sector
GlaxoSmithKline plc	2.85	Health Care
Commonwealth Bank of Australia	2.76	Financials
British American Tobacco p.l.c.	2.69	Consumer Staples
China Construction Bank Corp	1.92	Financials
Royal Dutch Shell Plc Class A	1.75	Energy
Vodafone Group PLC	1.60	Telecomm Services
Banco Santander S.A.	1.31	Financials
Zurich Insurance Group AG	1.25	Financials
Unilever NV Cert. of shs	1.23	Consumer Staples
Westpac Banking Corporation	1.20	Financials
Total	18.55%	

TOP TEN COUNTRIES (BY WEIGHT)

	% Index	% NT INTL LARGE CAP INDEX
United Kingdom	15.60	15.10
Japan	13.19	15.14
Australia	7.97	4.75
China	5.87	5.45
Germany	4.70	6.33
Canada	4.44	6.48
France	4.20	6.58
Switzerland	4.19	6.73
Sweden	4.00	2.24
Finland	3.72	0.64
Total	67.89%	69.45%

The index holdings, characteristics and sector allocations are for illustrative purposes only and are shown post all rebalancing activity at quarter end. Source: FactSet

INVESTMENT PERFORMANCE COMPARISON



CALENDAR YEAR RETURNS AND ASSETS

	3 MONTH RETURNS (GROSS)				YEAR-TO-DATE		SINCE INCEPTION	
	Feb.	May	Aug.	Nov.	Int'l Quality Dvd. Index	NT Int'l Large Cap Index	Int'l Quality Dvd. Index	NT Int'l Large Cap Index
2015	-0.73	0.96			4.55	7.40	21.47	24.93

¹ Beta is the coefficient term of the regression of a security versus the market, and is also a measure of the systematic, non-diversifiable risk of a security or basket of securities. Beta represents the market sensitivity, relative to a given market index and time period. For example, a security exhibiting a beta of 1.0 indicates that the security has the same sensitivity as the market index it is being compared to, while a security with a beta of 1.5 would indicate that the security has 1.5 times the sensitivity of the market index.

² In order to be eligible for inclusion in the Northern Trust Quality Dividend Indices, a security must be a constituent of the Northern Trust International Large Cap Index.

³ This factor seeks to identify companies that exhibit stable returns relative to the market, a characteristic which we define as quality.

⁴ The core components of the proprietary quality scoring model are based on quantitative ranking of various metrics obtained from company filings. These scores have three components: Management Rankings (e.g. corporate finance activities), Profitability Rankings (e.g. assess the reliability and the sustainability of financial performance), and Cash Factors (e.g. cash flow generation).

⁵ An optimization is an algorithmic approach to minimize or maximize an objective function. An algorithm is able to achieve its objective by changing input variables sets until an optimal set has been found. For example, we may want to find index weights that minimize a quantitative measure of total risk but meet certain requirements or constraints. The optimization being performed during our index construction utilizes a multi-dimensional mean variance approach, which seeks to find the best available outcome given the constraint hierarchy set provided.

⁶ Risk models are a statistical application which helps provide predictive risk estimates, by quantitatively de-constructing individual equity price movements and attributing those movements to common factors (e.g. Sector, industry, style, etc). The use of standard risk models in our process provides an additional layer of constraints on our optimization outcome, and assists in reducing the index's overall active risk exposure to any one single factor.

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