

BNP PARIBAS HIGH DIVIDEND PLUS INDEX

Please refer to www.hdplusindex.com for more information regarding this Index



BNP PARIBAS
HIGH DIVIDEND PLUS INDEX



BNP PARIBAS

The bank
for a changing
world

Introducing the BNP Paribas High Dividend Plus Index

Index Philosophy

The combination of a high dividend-focused stock selection methodology with a risk reduction mechanism

Investing in large cap U.S. stocks has been popular for generations. As investment strategies have developed over time, a focus on yield enhancement and risk reduction has become increasingly important to many sophisticated investors.

Selecting consistently high dividend paying stocks is one such way of potentially **enhancing a portfolio's yield**.

The BNP Paribas High Dividend Plus Index selects stocks with high and stable yields, and has proven to demonstrate consistent returns over time⁽¹⁾.

In addition, the Index includes a **risk control mechanism** which seeks to reduce volatility and large drawdowns.

Index Construction Summarized in 4 Steps



(1) See Page 5 for performance data. BNP Paribas High Dividend Plus Index shows Hypothetical Past Performance Data ('PPD'), prior to July 28, 2014. These simulations are the result of calculations made by BNP Paribas at a given moment on the basis of the parameters selected by BNP Paribas, of market conditions at a given moment and of historical data which should not be used as an indicator of future performance, which may be better or worse than prior results. Past performance is not an indicator of future returns. The presentation of hypothetical data reflects the deduction of fees and charges.



High Dividend Plus Index: step by step composition

1 Step 1: High Dividend Stock Selection

The BNP Paribas High Dividend Plus Index receives its stock exposure through another index named the **BNP Paribas High Dividend Yield US TR USD Index** (the “BNP Paribas HD Equity Index”). The BNP Paribas HD Equity Index, which is only one component of the BNP Paribas High Dividend Plus Index, utilizes a stock selection strategy that consists of a universe of liquid U.S. stocks, excluding financial companies⁽¹⁾. All stocks at the time of selection must have a six month average daily trading volume greater than \$30 million.

Every month BNP Paribas HD Equity Index methodology selects 40 stocks⁽²⁾ intended to have the highest and most stable dividend yields to be included in a sub-portfolio.

Dividend-focused
Stock
Selection

The selection methodology was designed in accordance with three broad principles:

1 DIVIDEND VISIBILITY

Is the company capable of maintaining high dividends in the future?

2 FINANCIAL ABILITY

Does the company have the apparent financial means to pay a high dividend?

3 HIGH DIVIDEND YIELD

Does the company currently offer a high dividend yield?

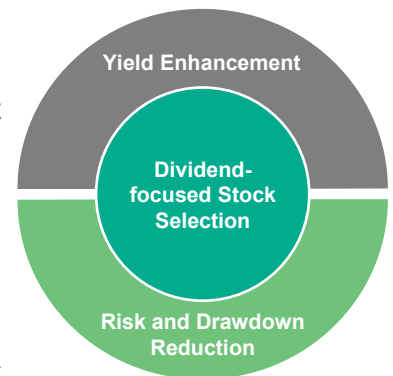
2 & 3 Step 2 and 3: Call and Put Option Components

Yield Enhancement:

Through exposure to call options selling, the strategy generates additional yield. The premium generated from exposure to selling options is intended to reduce losses that the Index would otherwise experience during market downturns.

Risk and Drawdown Reduction:

To attempt to reduce the strategy's overall volatility and to reduce potential drawdowns, the Index systematically includes exposure to a put option buying strategy. Put options increase in value when the price of their underlying asset decreases.



(1) Financial companies (e.g. banks, insurance companies or other financial services companies) are excluded due to the absence of an appropriate tool to evaluate the reliability of their future dividends.

(2) These 40 stocks are not all of the stocks in the Index, but only 1 of 12 subportfolios; on average, the Index holds 70-80 different stocks.

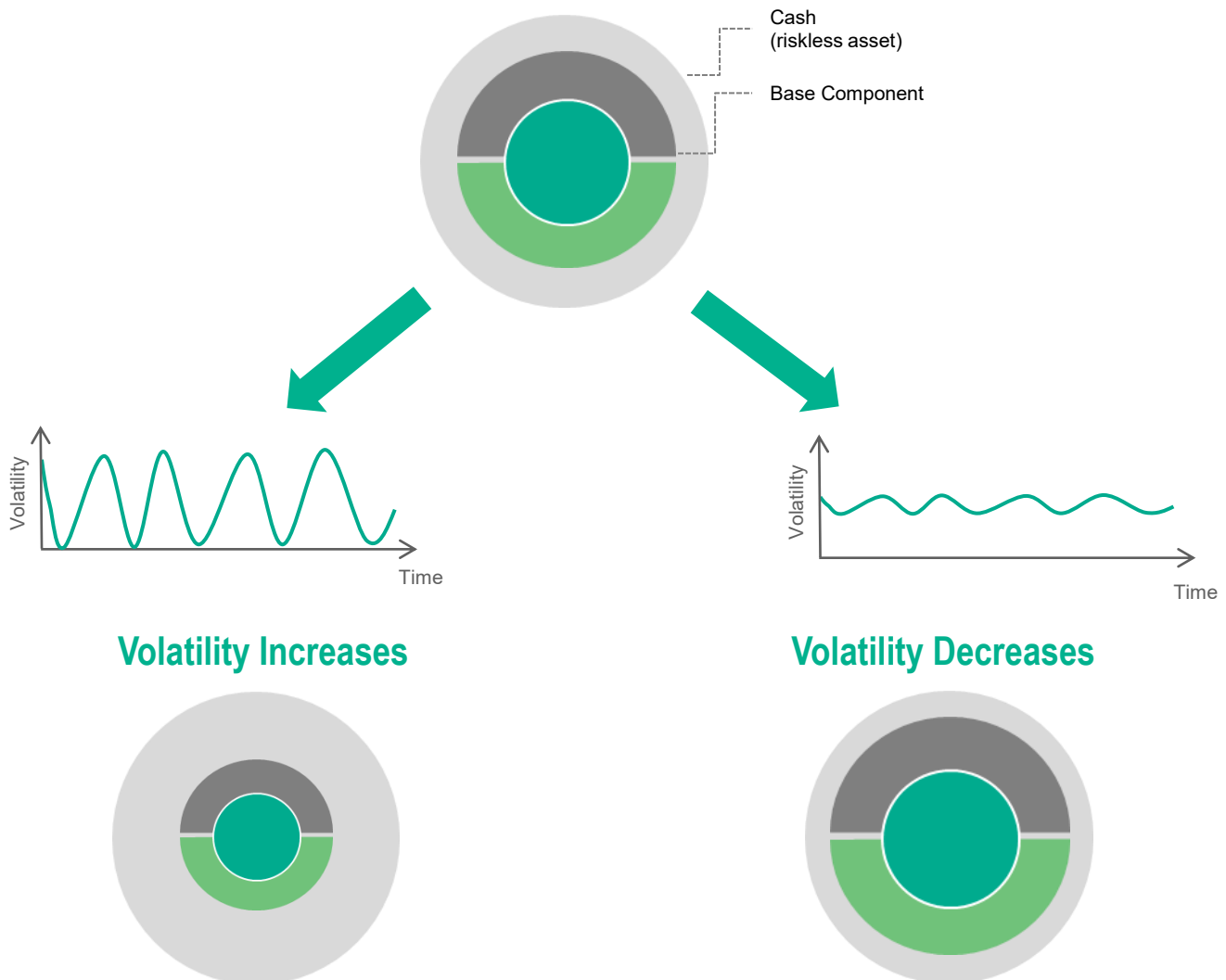


High Dividend Plus Index: step by step composition

4 Step 4: Risk Control Overlay

The Base Component of the Index will rebalance, potentially daily, according to the historical volatility of the Index level. The Index has a **target volatility of 6%**.

During periods when the value of the Index is fluctuating greatly (measured as when historical volatility is greater than 6%), the Index will invest more in cash and less in the Base Component. The opposite is true during periods when the Index level fluctuates less (measured as when historical volatility is less than 6%).



For Illustrative Purposes Only.



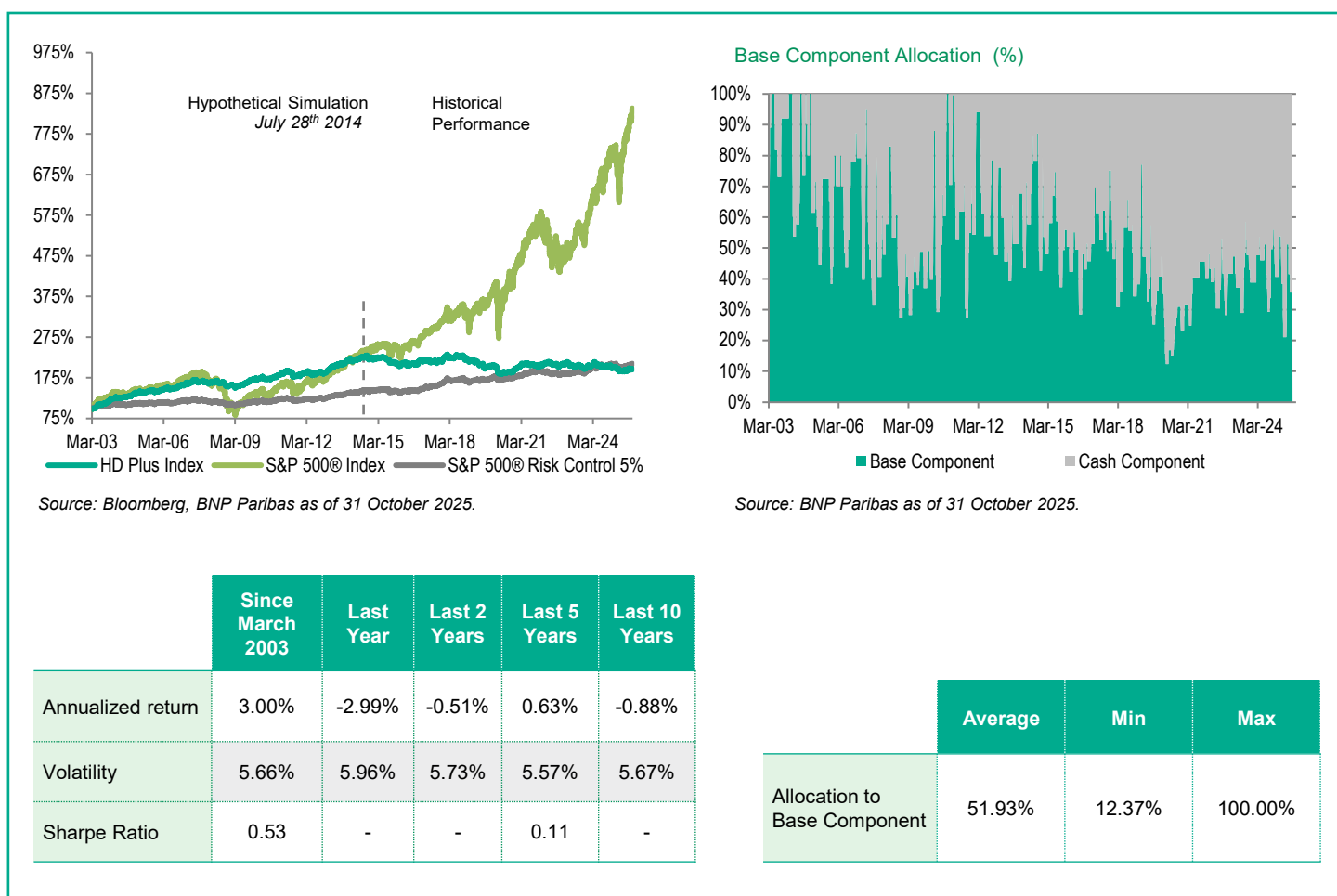
Appendix

Key Terms

- **Call Option:** An agreement that gives the owner the right, but not the obligation, to buy a specified amount of an underlying asset at a specified price within a specified time period.
- **Put Option:** An agreement that gives the owner the right, but not the obligation, to sell a specified amount of an underlying asset at a specified price within a specified time period. This is the opposite of a call option, which gives the owner the right, but not the obligation, to buy a specified amount of an underlying.
- **Volatility:** The amount of price variation. High volatility means the price moves up and down in wide ranges over a period of time. Low volatility means that the price does not change as dramatically, but rather changes at a more gradual pace.
- **Sharpe Ratio:** The ratio between an asset's return and volatility. It is commonly used to determine how much risk is associated with an asset's given level of performance.

Index Level and Exposure (Actual and Hypothetical Simulations)

The chart and tables below show a detailed performance analysis of the BNP Paribas High Dividend Plus Index. The Index went live on July 28th, 2014. The prior performance shown is simulated.



Source: Bloomberg, BNP Paribas as of 31 October 2025. **BNP Paribas High Dividend Plus Index shows Hypothetical Past Performance Data ('PPD')**, prior to July 28, 2014. These simulations are the result of calculations made by BNP Paribas at a given moment on the basis of the parameters selected by BNP Paribas, of market conditions at a given moment and of historical data which should not be used as an indicator of future performance, which may be better or worse than prior results. Past performance is not an indicator of future returns. The presentation of hypothetical data reflects the deduction of fees and charges.



Background of the Index: Understanding the Value of Dividends and Risk Reduction

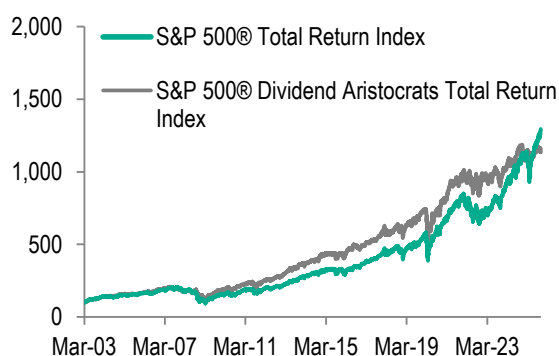
The Value of Dividends

Selecting consistently high dividend paying stocks has demonstrated success in bolstering a stock portfolio's yield. The potency of dividend-based strategies is evident – the S&P 500® Dividend Aristocrats Total Return® Index⁽¹⁾ outperformed the S&P 500® Total Return Index by 1.4% per year since 2003 (**Chart 1**).

Traditionally, portfolio managers sought a yield component from fixed income assets. However, as demonstrated in **Chart 2**, bond yields have converged to a nearly unprecedented level making dividend paying equities (which also have capital appreciation potential) an increasingly attractive alternative.

Improvement through Dividend-focused Stock Selection

1



Source: Bloomberg, as of 31 October 2025.

Yield Comparison: S&P 500® Index vs. 10 Year U.S. Treasury Notes

2



Source: Bloomberg, as of 31 October 2025.

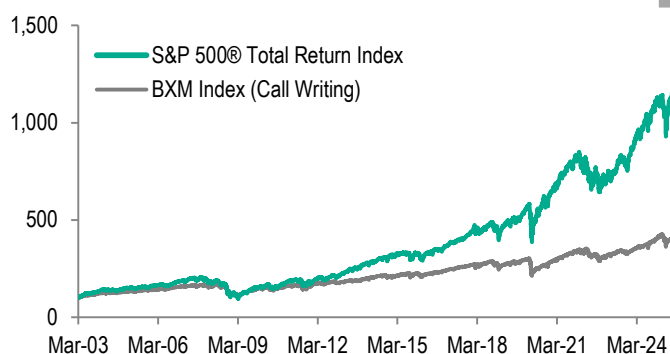
The Value of Risk Reduction

Investors are often still concerned of the potential volatility associated with equity investing, and this is where option strategies come into play.

These strategies can be used for **risk reduction** and may also provide **yield enhancement**.

For instance, a call-writing strategy can boost returns through collecting option premiums which also serve to provide a buffer in a market downturn. Buying protective puts can be used to shield a portfolio from losses and to dampen overall volatility. The CBOE's⁽²⁾ call writing index (BXM⁽³⁾ Index) lowered its annualized volatility by 5.2% versus the S&P 500® Total Return Index (**Chart 3**) since 2003.

3



Source: Bloomberg, BNP Paribas as of 31 October 2025.
Past performance is no guarantee for future return.

(1) S&P 500® Dividend Aristocrats® Index measures the performance S&P 500® Index companies that have increased dividends every year over the last 25 years.

(2) CBOE, the Chicago Board Options Exchange, is the largest U.S. options exchange.

(3) BXM Index is a benchmark index sponsored by the CBOE and designed to track the performance of a hypothetical buy-write strategy on the S&P 500® Index.



Risks & Considerations

The strategy underlying the Index may not be successful. There is a risk that the rules-based methodology of the BNP Paribas High Dividend Plus Index ("the Index") or the BNP Paribas High Dividend Yield US Equity Long TR USD Index (the underlying "Dividend Index" upon which the Index is based) does not prove to be efficient or meet their stated objectives, resulting in underperformance compared to any of the benchmark indices.

The BNP Paribas High Dividend Plus Index has Limited Historical Information. The BNP Paribas High Dividend Plus Index is a new index, launched on July 28, 2014. The performance shown before that date is hypothetical past performance, based on hypothetical back-tested information. This website also contains certain performance data based on back-testing, i.e., calculations of the hypothetical performance of the Index as if it had actually existed during a defined period of time, and may in certain circumstances contain simulated performance information where the Index or asset described has recently been established or issued. Further, you must note that such analysis is based on a number of working assumptions that may not be capable of duplication in actual trading terms. Unlike actual performance records, hypothetical or simulated performances, returns or scenarios may not necessarily reflect certain market factors such as liquidity constraints, fees and transaction costs. Actual historical or back-tested past performance does not constitute an indication of future results.

The synthetic call and put option strategies can reduce performance of the overall Index strategy. By writing synthetic call options in return for the receipt of premiums, the Index will give up the opportunity to benefit from potential increases in the value of the securities above the exercise prices of the written options. The premiums received from the options may not be sufficient to offset any losses sustained from the underlying stocks in the Dividend Index, and therefore the Index, over time.

The Index's volatility control mechanism may result in a lower Index Level and the actual volatility of the Index may not equal the target volatility. The Index's Risk Control Overlay allows the Index to dynamically adjust the exposure to the Base Index and cash component, depending on the volatility environment. However, the risk control overlay might limit overall performance of the Index in rising equity markets and may provide imperfect, limited protection in falling equity markets, particularly against sudden, large equity losses. No assurance can be given that the Index methodology will achieve its target volatility goals or that the Index will outperform any alternative investment.

The Closing Levels of the Index will include the deduction of a Servicing Cost. The closing level of the Index includes a deduction from the aggregate values of its constituents of a servicing cost equal to 1.00% per annum. As a result of this deduction, the value of the Index will trail the value of a hypothetical identical portfolio from which no such amount is deducted.

The Index is an excess return index. The Index is calculated on an excess return basis over an equivalent cash investment, which means that the Index level reflects the deduction of the 3-month USD Libor interest rate that would apply to such a cash investment.

The Closing Levels of the Indices is net of BNP Paribas' estimated funding, trading friction and other costs. The Closing Levels of the Indices are net of BNP Paribas' estimated funding, trading friction and other costs in replicating the Indices. As a result of these costs, the value of the Indices could trail the value of a hypothetical identical portfolio from which no such amount is deducted.

The staggered rebalancing schedule of the Dividend Index may result in lower performance of the Index than the performance experienced by other stock indices. The Dividend Index, which is a sub-index of the Index, is comprised of up to 480 stocks of U.S. companies. It is comprised of twelve sub-portfolios each containing 40 securities, equally weighted. Each sub-portfolio is reconstituted annually. Thus, one-twelfth of the total Dividend Index membership is reset each month. There is no assurance that this staggered rebalancing method will result in better performance than a quarterly or annually rebalancing method, which is used in other stock indices. As a result, the Indices may not perform as well as other stock indices with other rebalancing schedules. In addition, since one-twelfth of the constituents of the Dividend Index is subject to change monthly, the Dividend Index has a higher degree of constituent turnover than other indices that reconstitute annually or that have index constituent continuity as a goal in their reconstitution process. Because constituents may be added to or deleted from the Dividend Index regularly, the opportunity to participate in longer-term price appreciation of the constituent stocks may be less than in a more static index.

Changes in the values of the stocks in the Dividend Index may offset each other. The Dividend Index is linked to the performance of a basket of stocks of U.S. companies which collectively represent a range of sectors. Price movements between these stocks may not correlate with each other. Performances of the Dividend Index stocks may become highly correlated from time to time, including, but not limited to, periods in which there is a substantial decline in a particular sector or asset type represented by the Dividend Index stocks. At a time when the value of a stock linked to a particular sector increases, the values of other stocks linked to other sectors may not increase as much or may decline. Therefore, in calculating the level of the Dividend Index, increases in the values of some of the stocks may be moderated, or more than offset, by lesser increases or declines in the levels of other stocks. High correlation during periods of negative returns among Dividend Index stocks could have an adverse effect on the levels of the Dividend Index, and therefore the Index.

Stock and option prices may change unpredictably, affecting the level of the Index in unforeseeable ways. Trading in the stocks and options that comprise the Index is speculative and can be extremely volatile. Market prices of components of the Dividend Index may fluctuate rapidly based on numerous factors, including: the supply and demand characteristics of the market, including the availability of alternate investment opportunities; changes in interest and yield rates in the market; and the dividend rate on the common stocks of the S&P 500® Index. These factors may affect the value of the Dividend Index, and different factors may cause the prices of the components of the Dividend Index, and the volatilities of their prices, to move in inconsistent directions at inconsistent rates.



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