

# NATURAL RESOURCES DIVIDEND INCOME INDEX

as of 9/30/23



An index designed to generate income from dividends, special dividends, and share repurchases derived from global equity positions in natural resource and commodity-related industries.

## The Case for Natural Resources Dividend Income

In the current inflationary environment of high energy and commodity prices, natural resource and commodity-related equity companies are in the “golden age” of free cash flow. Because these companies are not spending money on new capacity, balance sheets are becoming debt free, and free cash flow is being returned to shareholders in the form of 1) increasing fixed dividends, 2) high variable or special dividends, and 3) share repurchases.

**1. Cash Flow Monsters** – Thanks to rising energy and commodity prices, natural resource and commodity-related companies are generating excessive amounts of free cash flow that are not going to be invested in capacity expansion and/or capex, but rather used to pay down debt or returned to shareholders in the form of dividends and shareholder yield.

**2. A Play on the Energy Transition** – The diversified index is composed of companies operating in “Old Energy” and “New Energy”; providing exposure to both legacy fossil fuel companies and companies producing the new critical commodities and materials essential for an energy transition to clean energy.

**3. Commodity Income Supercycle** – Pandemic-related supply-chain constraints, the Russian-Ukraine war, and accelerating demand for green energy commodities, coupled with years of under-investment, have spurred a commodity income supercycle. High energy and commodity prices appear here to stay for many years to come, creating an income opportunity for investors.

**4. Global Income Tied to Inflation, but Not Subject to Foreign Tax**

**Withholding** – By investing in U.S.-traded ADR or OTC-listed share versions of global natural resource, commodity-related companies, investors can receive inflation-aligned income, not subject to foreign tax withholding.

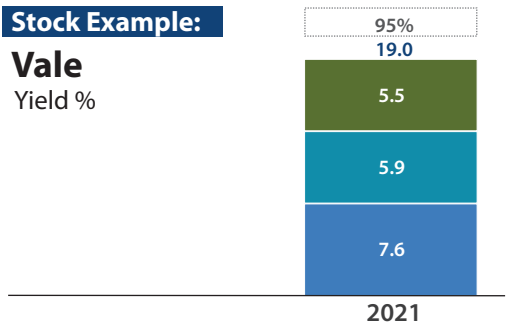
## Free Cash Flow Returned to Shareholder

### Shareholder Yield

- Share Buyback
- Extraordinary Dividends
- Ordinary Dividends
- Free Cash Flow - Returned to shareholder (%)
- Total % of Payout**

### Stock Example:

**Vale**  
Yield %



Source: Vale as of February 2022



## Overview

The EQM Natural Resources Dividend Income Index (NDIVITR) is a Gross Total Return index comprised of dividend-paying U.S. exchange-listed equities operating primarily in the following natural resource, commodity-related industries: energy (oil, gas & consumable fuels); chemicals; agriculture; precious and industrial metals & mining; paper products; and timber.

Index components are weighted according to their indicated dividend yield. To avoid undue concentration, the initial weights of all index constituents are capped at a maximum weight of 5% at time of rebalance.

**Ticker** NDIVITR

**Inception Date** 8/1/22

**Index Calculation/ Publication** BITA GmbH

**Total # Holdings** 48

**Dividend Yield** 5.29%

**Rebalance (Jan/Apr/Jul/Oct)** Quarterly

**Weighting Scheme** Modified, indicated Dividend weighting

### Licensing Information

EQM Indexes LLC licenses its indexes to firms involved in the issuance of Exchange Traded Products (ETPs). If you are interested in licensing this index from EQM Indexes LLC or have an idea for a new index product, contact us at [info@eqmindexes.com](mailto:info@eqmindexes.com).

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## Top Constituents

For a complete list of holdings, go to [eqmindexes.com](http://eqmindexes.com).

		Index Wt %
1	CIVITAS RESOURCES INC	4.86
2	PETROLEO BRASILEIRO-SPON ADR	4.63
3	CHORD ENERGY CORP	3.63
4	ECOPETROL SA-SPONSORED ADR	3.08
5	KINETIK HOLDINGS INC	2.99
6	ANTERO MIDSTREAM CORP	2.92
7	HESS MIDSTREAM LP - CLASS A	2.73
8	PIONEER NATURAL RESOURCES CO	2.64
9	SITIO ROYALTIES CORP-A	2.55
10	TC ENERGY CORP	2.44

Source: Bloomberg

Inclusion of a security within the Index is not a recommendation by EQM Indexes to buy, sell, or hold such security, nor is it considered to be investment advice. EQM Indexes is not an investment advisor, and makes no representation regarding the advisability of investing in any such security.



## Constituent Requirements

The initial Universe is composed of U.S.-listed equities trading on a major U.S. exchange or as an U.S. OTC-listed ADR that pay a dividend.

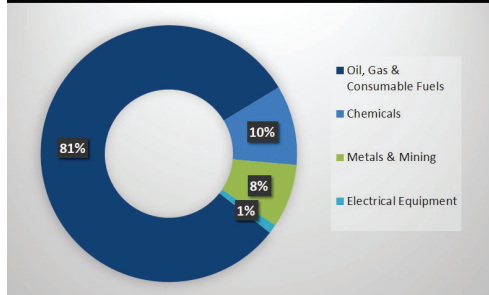
The final eligible universe is constructed after the application of the following screens and filters:

- Constituent business operations must derive more than 50% of their revenues from the following natural resource, commodity-related industries: energy (oil, gas & consumable fuels); chemicals; agriculture; precious and industrial metals & mining; paper products; and timber.
- Constituents must be at least \$5 billion USD in market capitalization.
- Constituents must have an average daily traded value of at least \$2 million USD over the last six months.
- Constituents must have an indicated dividend yield of at least 3% annually.
- Country of domicile not Russia and/or the security must be eligible for investment without restriction as determined by the index provider.

## Portfolio Weightings

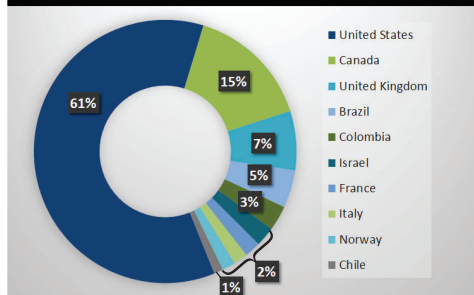
For Illustrative Purposes Only

### Industry Weightings



Source: Bloomberg, EQM Indexes

### Top 10 Country Weightings



Source: Bloomberg

## About EQM Indexes

EQM Indexes LLC is a VettaFi company dedicated to creating and supporting innovative indexes that track growth industries and emerging investment themes. VettaFi is a provider of indexing, data & analytics, industry leading conferences, and digital distribution services to ETF issuers and fund managers with offices in the US and Canada. VettaFi's index solutions power nearly \$19 billion in ETFs and other vehicles.

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### Disclosure

Unless otherwise noted, index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. Investors may not make direct investments into any index.