



DORSEY WRIGHT COUNTRY AND STOCK MOMENTUM INDEX METHODOLOGY

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1. INTRODUCTION

The Dorsey Wright Country and Stock Momentum Index (the “Index”) selects securities based on country and individual stock momentum. The Index holds between 50-100 stocks domiciled outside of the United States. The securities selected for the Index have strong momentum and are also domiciled in countries with strong momentum.

The Index is calculated as Price Return, Total Return, and Net Total Return in USD.

- + Dorsey Wright Country and Stock Momentum Index (**DWACSM**)
- + Dorsey Wright Country and Stock Momentum Total Return Index (**DWACSMT**)
- + Dorsey Wright Country and Stock Momentum Net Total Return Index (**DWACSMN**)

2. SECURITY ELIGIBILITY

2.1 OVERVIEW OF SELECTION CRITERIA FOR THE INDEXES

2.1.1 To be eligible for inclusion in the Dorsey Wright Country and Stock Momentum Index (DWACSM), an Index Security must meet the following criteria:

- + be a member of the NASDAQ Global ex United States Index (NQGXUS)
- + ranked in the top 3000 listed securities by market capitalization; and
- + be in one of 41 eligible index country indexes from NQGXUS.

2.2 INDEX EVALUATION

Point & Figure Charting: Point & Figure charting is a logical, organized way of recording supply and demand within a security, focusing on the price movements of that security. Point & Figure charts filter out insignificant price movements by ignoring small price fluctuations, trading volume, and time.

Point & Figure Relative Strength Charting: Relative Strength is another technical analysis tool that measures a security's performance relative to other securities, benchmarks, or broad market indices. Relative Strength is a momentum technique that relies on unbiased, unemotional, objective data, rather than biased forecasting and subjective research. Relative Strength is a way of recording historic performance patterns, and Dorsey, Wright and Associates (DWA) uses Relative Strength signals as an indicator for current momentum trends of a security versus others.

DWA builds Relative Strength charts to compare each security in the inventory to a broad market benchmark using the following process:

- (i) On a daily basis, DWA computes the ratio of the closing price of each security to the closing price of the broad market benchmark.

Example:

$$\text{Relative Strength Reading} = (\text{Security Closing Price} \div \text{Benchmark Closing Price}) \times 100$$

- (ii) As a result of on-going calculations, a Point & Figure Relative Strength chart is created for each relationship within the inventory. A Point & Figure Relative Strength chart is a variation of a Point & Figure chart using the input value as computed in the previous step, instead of individual security prices.

Relative Strength Matrix: DWA has implemented a systematic way of analyzing many Point & Figure Relative Strength charts by aggregating Buy Signals and Sell Signals within a “Matrix” format. When a column of X’s exceeds a previous column of X’s, the chart indicates a “Buy Signal” (also referred to as positive Relative Strength). Conversely, “Sell Signals” are given when a column of O’s exceeds a previous column of O’s (also referred to as negative Relative Strength).

DWA created the Relative Strength Matrix (the “Matrix”) to analyze large numbers of charts and to easily display an equally large data set of signals. Each box of the Matrix represents a Relative Strength comparison between one security and another, where the numerator is the security running down the left-hand side of the matrix and the denominator is the security from the top of the Matrix. For each security in the defined inventory, the total number of Relative Strength charts that are on a Buy Signal is noted in the column “Buys” of the Matrix. The Matrix is ranked such that the security with the highest number of Buy Signals is ranked #1, and appears at the top of the Matrix. The security with the lowest number of Buy Signals is ranked last and appears at the bottom of the Matrix.

Index Construction: At each Evaluation the entire index is reviewed. A Relative Strength matrix (discussed above) is calculated to measure the strength of the individual countries eligible for the Index. The Index holds 10 different countries at all times. If a country is already in the index it is allowed to drop below the 20th ranked item in the matrix before the entire country is eliminated from the index. When a country is eliminated from the index, it is replaced with the highest ranked country that is not already held in the index. Each country must also have a minimum number of individual stocks that qualify based on minimum momentum criteria. If a country doesn’t have at least 5 securities that qualify, it is eliminated from consideration in the index.

Each security in the eligible universe receives a minimum momentum score independent of the country rank. Any security that doesn’t meet the minimum score is removed from the index.

Securities are added to the index and equally weighted by country. Each of the 10 countries included in the index receives a 10% weight. If 10 or more securities meet the minimum momentum requirements, the 10 securities with the highest momentum scores are added to the index at 1% each. If, for example, only 5 securities qualify, all 5 are added to the index and equally weighted at 2%. As a result, each country is equally weighted in the index, but the individual securities may have different weights.

3. INDEX CALCULATIONS

The Index is a modified market capitalization weighted Index. Three versions of the Index are calculated: price return Index, gross total return Index and net total return Index in USD. The price return Index is ordinarily calculated without regard to cash dividends on Index Securities. The gross total return Index reinvests cash dividends in the Index on the ex-date. The dividend is reinvested in all the Index Securities proportionally to their respective Index weights. The net total return Index reinvests cash dividends after deduction of non-

resident withholding tax rate who do not benefit from double taxation treaties. An Index Security's withholding tax rate is based on the general tax rate of the Index Security's country of incorporation. All Index versions reflect extraordinary cash distributions. The Index began on December 5, 2017, at a base value of 1000.00.

3.1 LAST SALE PRICE

The Last Sale Price refers to the closing price reported on each Index Security's Index Market. The Index Market is the index eligible stock market for which the Index Security's prices are received and used by Nasdaq in the Index calculation and generally will represent the most liquid trading market of the Index Security.

If an Index Security does not trade on its Index Market on a given day or the Index Market has not opened for trading, the most recent last sale price from the Index Market (adjusted for corporate actions, if any) is used. For securities where Nasdaq is Index Market, the Last Sale Price may be the Nasdaq Official Closing Price (NOCP) when Nasdaq is closed.

If an Index Security is removed from an Index, it will ordinarily be removed at its Last Sale Price. If, however, at the time of its removal the Index Security is halted from trading on its Index Market and a Last Sale Price cannot readily be determined, the Index Security may, at Nasdaq's discretion, be removed at a price of \$0.00000001. This price will be applied to the Index Security after the close of all the trading markets in the Index but prior to the time the official closing value of the Index is disseminated.

3.2 FOREIGN EXCHANGE RATE

The Indexes uses the WM Company, Closing Spot Rates at 16:00:00 UK time in the calculation of the closing Index Values. SIX Financial Information Intraday Spot Rates are applied to the real time Index calculations during the trading day.

3.3 INDEX SHARES

Index Shares value is the number of shares in the Index for an Index Security.

3.4 INDEX SECURITY MARKET VALUE AND INDEX MARKET VALUE

The Index Security Market Value is the Last Sale Price of the Index Security multiplied by its Index Shares, converted into the Index currency. The Index Market Value is the aggregate of each of the Index Security's Market Value.

3.5 PRICE RETURN DIVISOR

The Divisor serves the purpose of scaling an Index Market Value to a lower order of magnitude which is recommended for reporting purposes. The Divisor is adjusted to ensure that changes in Index Securities either by corporate actions or index participation occurring outside of trading hours do not affect the value of the Index. All Divisor changes occur after the close of Index Security markets contained in the Index.

The Price Return Index Divisor for day t is calculated as the ratio of the Start of Day (SOD) market value and the previous day index value as follows:

$$\text{Price Return Index Divisor}_t = \frac{\text{Index SOD Market Value}_t}{\text{Index Value}_{t-1}}$$

3.6 PRICE RETURN INDEX VALUE CALCULATION

The Price Return Index value reflects changes in market value of Index Securities during the trading day and is calculated without regard to ordinary cash dividends, but includes special dividends and the formula is as follows:

$$\text{Price Return Index}_t = \frac{\text{Index Market Value}_t}{\text{Index Divisor}_t}$$

3.7 GROSS TOTAL RETURN INDEX

The Gross Total Return Index value reflects ordinary cash and special dividends and the formula is as follows:

$$\text{Gross Total Return Index}_t = \text{Gross Total Return Index}_{t-1} \times \frac{\text{Price Return Index}_t + \text{IDP}}{\text{Price Return Index}_{t-1}}$$

Gross Total Return Index_t = the value of the Gross Total Return Index on current day

Gross Total Return Index_{t-1} = the previous day's closing Gross Total Return Index value

Price Return Index_t = the value of the Price Return Index on current day

Price Return Index_{t-1} = the previous day's closing Price Return Index value

$$\text{IDP (Index Dividend Points)} = \frac{\text{Index Dividend Market Value}_t}{\text{Price Return Index Divisor}_t}$$

Index Dividend Market Value_t = sum of the Index Security Dividend Market Values (SOD or EOD) for all Index Securities on current day

Index Security Dividend Market Value_t = dividend per share, for Index Security with ex-dividend date on the current day, multiplied by the Index Shares of that Index Security multiplied by *Fx rate_{t-1}*

Fx rate_{t-1} is the previous day's WM Company, Closing Spot Rates at 16:00:00 UK

3.8 NET TOTAL RETURN INDEX

The Net Total Return Index value reflects ordinary cash and special dividends adjusted for withholding tax rates (WTR as defined for each country is found in Appendix D and the formula is as follows):

$$\text{Net Total Return Index}_t = \text{Net Total Return Index}_{t-1} \times \frac{\text{Net Price Return Index}_t + \text{NetIDP}_t}{\text{Net Price Return Index}_{t-1}}$$

Net Total Return Index_t = the value of the Net Total Return Index on current day

Net Total Return Index_{t-1} = the previous day's closing Net Total Return Index value

Net Price Return Index_t = the value of the Net Price Return Index on current day

Net Price Return Index_{t-1} = the previous day's closing Net Price Return Index value

$$\text{Net Price Return Index}_t = \frac{\text{Net Price Return Index Market Value}_t}{\text{Net Price Return Index Divisor}_t}$$

Net Price Return Index value is not publically distributed. It is calculated only as the basis for the Net Total Return Index.

$$\text{Net IDP (Net Index Dividend Points)} = \frac{\text{Index Net Dividend Market Value}_t}{\text{Net Price Return Index Divisor}_t}$$

Net Index Dividend Market Value_t = sum of the Security Dividend Market Values (SOD or EOD) adjusted for withholding tax rate (WTR) for all Index Securities on current day

Net Index Security Dividend Market Value_t = dividend per share adjusted for withholding tax rate (WTR) for Index Security with ex-dividend date on the current day multiplied by the Index Shares of that Index Security multiplied by *Fx rate_{t-1}*

Fx rate_{t-1} is the previous day's WM Company, Closing Spot Rate at 16:00:00 UK

4. INDEX DISSEMINATION

The Index Values for the Indexes are calculated five (5) days a week, Monday through Friday, starting by the earliest time zone, Asia/Tokyo, and closed by the latest time zone, America/New York, in United States Dollars (USD).

5. INDEX MAINTENANCE

5.1 INDEX REBALANCING

The Index employs a modified market capitalization weighted methodology. At each quarter, the Index is rebalanced by weighting each Index Security by their proprietary relative strength score. A final check is run to ensure that all securities with Index weights greater than 5% do not, in aggregate, exceed 25%. If this occurs, a redistribution of weight from these issuers' issues will take place until the rule is met. The process is repeated, if necessary, to derive the final weights.

The weights of the Index Securities are determined on the third Friday of March, June, September, and December (the "Quarterly Evaluation"). Each Index Security's weight is then multiplied by \$1 trillion. The market capitalization of each Index Security is then divided by the closing price of the third Friday of March, June, September and December to determine Index Shares. The changes are made effective after the close of the last trading day in March, June, September and December. The determination of weights for Index Securities and the effective date of index changes are both subject to US exchange holidays. For example, if the third Friday of an evaluation month is a US exchange holiday, the prior trading day will be used to determine weights of Index Securities.

5.2 INDEX SECURITY CHANGES

If at any time during the year, other than a Quarterly Evaluation, an Index Security no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index(es), the Index Security is removed from its Index and is not replaced. Index Securities will be removed at their Last Sale Price in accordance with Section 3.1 Last Sale Price, adjusted by the WM Company, Closing Spot Rate.

In the case of mergers and acquisitions, the Index Security will be removed the day following the shareholder vote or the expected expiration of the tender offer, provided the acquisition is not contested. In the event the acquisition is contested, the deletion will occur once results have been

received that indicate the acquisition will likely be successful. If the approval is by written consent, then the removal will occur as soon as reasonably practical.

5.2.1 BANKRUPTCY

If a company files for bankruptcy, the Index Security will be removed from the Index as soon as practicable thereafter. The value of the Index Security will be considered \$0.00000001, if no other applicable price can be observed on the Index Market.

5.3 INDEX SHARE CHANGES

Index Share changes are not made during the quarter; however, changes arising from stock dividends and stock splits are made to the Index on the evening prior to the effective date of such corporate actions. In the case of certain spin-offs or rights issuances, the price of the Index Security is adjusted.

6. CORPORATE ACTIONS

The following corporate actions will be made effective in the Index on the ex-date. If there is no ex-date announced by the Index Exchange, there will be no adjustment to the Index as a result of a corporate action.

6.1 STOCK SPLIT AND STOCK DIVIDEND

A stock split and stock dividend is the action of an Index Security increasing its Index Shares and decreasing the par value in proportion. There is no flow of capital into or out of the company. The number of Index Shares increases but the market capitalization of the company remains unchanged.

The price of the Index Security is adjusted downward to reflect the ratio of a stock split and stock dividend and a corresponding inverse adjustment to the Index Shares is made.

6.2 REVERSE STOCK SPLIT

A reverse stock split is the action of an Index Security decreasing its Index Shares and increasing the par value in proportion. There is no flow of capital into or out of the company. The number of Index Shares decreases but the market capitalization of the company remains unchanged.

The price of the Index Security is adjusted upward to reflect the ratio of the reverse stock split and a corresponding inverse adjustment to the Index Shares is made.

6.3 SPECIAL CASH DIVIDENDS

A dividend is considered special if the information provided by the listing Exchange in their announcement of the ex-date indicates that the dividend is special. Other nomenclature for a special dividend may be (but not limited to) extra, extraordinary, non-recurring, one-time, unusual, etc. The price of the Index Security is adjusted for the amount of the special cash dividend. The divisor is adjusted to ensure that there is no discontinuity in the value of the Index which might otherwise be caused by any such change.

6.4 CASH AND STOCK DIVIDENDS

If an Index Security is paying a cash and stock dividend on the same date, the cash dividend is applied before the stock dividend unless otherwise indicated in the information provided by the Exchange. Additionally, in the case of an optional dividend which allows the holder to choose between receiving cash or stock, the adjustment will be made in the manner the dividend has been announced by the Exchange.

6.5 STOCK DISTRIBUTION OF ANOTHER SECURITY

If an Index Security is distributing shares of a different security, the value of the Index Security will be adjusted downward to reflect the ratio of the distribution. There is no adjustment to Index Shares. If the security being distributed is another class of common shares of the same Issuer, the value of the existing Index Security will be adjusted downward to reflect the ratio of the distribution with no adjustment to Index Shares, and the new class of shares is not added to the index. The divisor is adjusted to ensure that there is no discontinuity in the value of the Index which might otherwise be caused by any such change.

6.6 SPIN-OFFS

If an Index Security is spinning off a security, the value of the Index Security will be adjusted downward to reflect the ratio of the distribution. There is no adjustment to Index Shares. If a when-issued market is established for the spinco, the price of the Index Security is adjusted downward by the value of the spinoff. The value of the spin-off is determined by multiplying the spin-off ratio by the when-issued price. In the event the value of the spinoff has not been established as indicated above, then no price adjustment is made to the Index Security. The new security resulting from the spin-off transaction is not

added to the Index. The divisor is adjusted to ensure that there is no discontinuity in the value of the Index which might otherwise be caused by any such change.

6.7 RIGHTS OFFERINGS

The price of an Index Security is adjusted on the ex-date for rights offerings if the rights are transferable and has a subscription price on an equivalent per share basis that is less than the closing price of the Index Security the right entitles a holder to purchase (the “Underlying Security”) on the day prior to the ex-date (in-the-money). The price of the Index Security is adjusted downward for the value of the right. The value of the right is determined by the previous Last Sale Price (LSP) of the Underlying Security minus the sum of the Subscription Price of the right plus the cash dividend of the Underlying Security, if any, divided by the number of rights required to purchase one share, plus one. There are no changes to the Index Shares. The divisor is adjusted to ensure that there is no discontinuity in the value of the Index which might otherwise be caused by any such changes.

7. GENERAL ANNOUNCEMENT POLICY

Nasdaq announces Index-related information via our premier service the Global Index Watch (GIW) at <http://indexes.nasdaqomx.com>.

Generally, the list of additions and deletions as a result of each Quarterly Evaluation is publicly announced via an announcement on the Global Index Watch (GIW).

Corporate actions are implemented in the Indexes in accordance with the Index maintenance rules. Announcements are made prior to the effective date of the corporate actions.

In the event that a change has been made to an Index intraday, an announcement will be made to inform clients of the change.

In the event that an Index calculation has been corrected historically, an announcement will be provided and clients will be informed to update their databases accordingly.

8. DISCRETIONARY ADJUSTMENTS

Nasdaq may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity including, but not limited to, quantitative inclusion criteria. Nasdaq may also, due to special circumstances, if deemed essential, apply discretionary adjustments to ensure and maintain the high quality of the index construction and calculation. Nasdaq does not guarantee that any Index accurately reflects future market performance.

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