

NASDAQ International BuyBack Achievers™ Index Methodology

Index Description

The NASDAQ International BuyBack Achievers™ Index is comprised of international securities excluding the United States (US) issued by corporations that have effected a net reduction in shares outstanding of 5% or more in its latest fiscal year.

Index Calculation

The NASDAQ International BuyBack Achievers Index is a float modified market capitalization weighted index. The value of the Index equals the aggregate value of the Index share weights, also known as the Index Shares¹, of each of the Index Securities multiplied by each security's Last Sale Price², and divided by the divisor of the Index. The divisor serves the purpose of scaling such aggregate value to a lower order of magnitude which is more desirable for Index reporting purposes. The Index began on December 12, 2013 at a base value of 1000.00.

The formula for index value is as follows:

$$\text{Aggregate Adjusted Market Value/Divisor}$$

The formula for the divisor is as follows:

$$(\text{Market Value after Adjustments/Market Value before Adjustments}) \times \text{Divisor before Adjustments}$$

Three versions of the Index are calculated – a price return index, a total return index and a net total return index.

- The price return index (Nasdaq: DRBXUS) is ordinarily calculated without regard to cash dividends on Index Securities.
- The total return index (Nasdaq: DRBXUST) reinvests cash dividends on the ex-date.
- The net total return index (Nasdaq: DRBXUSN) reinvests cash dividends on the ex-date based on the securities incorporation withholding rate.

All Indexes reflect extraordinary cash distributions.

The Indexes are calculated during the trading day and are disseminated once per second. The Indexes are calculated five (5) days a week, Monday through Friday, starting by the earliest time zone Asia/Tokyo and close by the latest time zone America/New York in USD.

¹ Index Shares are the free float shares outstanding determined by multiplying the total shares outstanding by the free float factor provided by FTSE International Limited (FTSE).

² For purposes of this document, Last Sale Price refers to the last regular way trade reported on such security's Index Market. The Index Market is the listing market for which 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 a 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 the Index Market, the Last Sale Price may be the Nasdaq Official Closing Price (NOCP) when Nasdaq is closed.

Eligibility

Index eligibility is limited to specific security types only. The security types eligible for the Index include common stocks, depository receipts, limited partnership interests, shares or units of beneficial interest and shares of limited liability companies.

Eligibility Criteria

To be eligible for inclusion in the Index a security must meet the following criteria:

- be included in the NASDAQ Global Ex-US Index (NQGXUS), excluding local Russian and Indian securities not represented by depository receipts. If depository receipts are represented for local Russian and Indian securities, then the receipts are reviewed for Index Inclusion instead of the local security and must meet the additional eligibility criteria below. Chinese securities are limited to H-Shares and N-Shares only;
- have a minimum market capitalization of \$250 million;
- the issuer of the security must have effected a net reduction in shares outstanding of 5% or more in its latest fiscal year;
- one security per issuer is permitted;
- have a minimum three-month average daily dollar trading volume of \$1 million;
- the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible; and
- the issuer of the security may not be issued by an issuer currently in bankruptcy proceedings.

Index Evaluation

The Index Securities are evaluated annually in July. The above Eligibility Criteria are applied by Ford Equity Research with the exception of the last 3 bullets which are applied by Nasdaq, using market data through the end of June. Securities meeting the criteria are included in the Index. Security additions and deletions are made effective after the close of trading on the last trade day in July.

If at the time of review, fewer than 35 securities are determined eligible; Ford Equity will enact a special review by lowering the net share reduction threshold to 4% and then selecting the largest capitalization companies to bring the total index to 35 securities. If the 4% threshold does not yield a sufficient amount of additional names, the threshold will then be lowered to 3% and the largest capitalization companies will be selected.

Additionally, if at any time during the year other than the Evaluation, an Index Security no longer meets the last two Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index, the security is removed from the Index and is not replaced. In all cases, a security is removed from the Index at its Last Sale Price. If, however, at the time of its removal the Index Security is halted from trading on its primary listing market and an official closing price cannot readily be determined, the Index Security may, in Nasdaq's discretion, be removed at a zero price. The zero price will be applied to the Index Security after the close of the market but prior to the time the official closing value of the Index is disseminated, which is ordinarily 17:16:00 ET.

Index Maintenance

Changes in the price and/or Index Shares driven by corporate events such as stock dividends, stock splits and certain spin-offs and rights issuances are adjusted on the ex-date. If the change in total shares outstanding arising from other corporate actions is greater than or equal to 10.0%, the change is made as soon as practicable. Otherwise, if the change in total shares outstanding is less than 10.0%, then all such changes are accumulated and made effective at one time on a quarterly basis after the close of trading on the last trading day in January, April, July and October, respectively. Intraquarter, the Index Shares are adjusted by the same percentage amount by which the total shares outstanding have changed.

Changes to the free float factor will be made as soon as practical if the change is greater than 10%, otherwise free float factor changes as of the end of December, March, June and September and will be updated and made effective after the close of trading on the last day in January, April, July and October, respectively in conjunction with the quarterly share changes noted above.

A special cash dividend announced by the listing exchange, will result in an adjustment to the Last Sale Price of an Index Security prior to market open on the ex-date for the special amount distributed. A special dividend may also be referred to as extra, extraordinary, non-recurring, one-time, unusual, etc.

Ordinarily, whenever there is a change in Index Shares, a change in an Index Security or a change to the price of an Index Security due to spin-offs, rights issuances or special cash dividends as mentioned above, 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. All changes are announced in advance and are reflected in the Index prior to market open on the Index effective date.

Index Rebalancing

The Index employs a float adjusted modified market capitalization weighting methodology.. Under the methodology,

- 1.) no country can have, in aggregate, a weight greater than 30% in the Index;
- 2.) no single stock can have a weight of more than 5% in the Index; and
- 3.) the maximum number of securities capped at 5% is eight (8).

The Index employs a float adjusted modified market capitalization weighted methodology. At each Annual Evaluation and quarterly rebalance the Index is reviewed such that the maximum aggregate weight of any country is not greater than 30%. Simultaneously, the securities are reviewed to ensure that no single security is greater than 5% and no more than eight (8) securities will be at that cap. If after the redistribution, any of the 8 highest ranked Index Securities are weighted below 5%, these securities are not capped. Next, any remaining securities in excess of 2.5% are capped at 2.5% and the excess weight of any capped security or country is distributed proportionally across the remaining Index Securities.

The modified market capitalization weighted methodology is applied to the float capitalization of each Index Security, using the Last Sale Price and spot rate of the security at the close of trading on the last trading day in December, March, June and September and after applying quarterly changes and free float factors to the total shares outstanding. Index

Shares are then calculated by multiplying the weight of the security derived above by the new market value of the Index and dividing the modified market capitalization for each Index Security by its corresponding Last Sale Price. The changes are effective after the close of trading on the last day in January, April, July and October.

Nasdaq may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity.

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