DORSEY WRIGHT INTERNATIONAL FOCUS FIVE INDEX
DWAQQIFF

INDEX DESCRIPTION

The Dorsey Wright International Focus Five Index is designed to measure the performance of five exchange-traded funds from the First Trust Portfolios product line that demonstrate powerful relative strength characteristics.

SECURITY ELIGIBILITY CRITERIA

Eligibility criteria

Eligible ETFs include First Trust ETFs that are designed to target a specific country or region excluding the United States, or that have a significant overweight towards a particular country or region excluding the United States. The eligible ETFs are chosen at the sole discretion of the Index Provider. The Index is designed to provide targeted exposure to the five ETFs that the Index Provider believes offer the greatest potential to outperform the other ETFs in the selection universe. The Index Provider believes that the most adaptive tool to achieve the goal of discerning the strongest trends versus that of the weakest is Relative Strength. Relative Strength is a momentum technique that relies on unbiased, unemotional and objective data, rather than biased forecasting and subjective research. Relative Strength is a way of recording historic performance patterns, and Dorsey, Wright Associates (DWA) uses Relative Strength signals as a trend indicator for current momentum trends of a security versus another security.

INDEX CALENDAR

Reconstitution schedule

The Index Reconstitution is conducted on a bi-monthly basis in the first and third weeks of the month containing a Friday (“Evaluation Week”).
Reconstitution reference dates
The Security Eligibility Criteria are applied using market data as of the close of trading on Tuesday of the Evaluation Week.

Reconstitution announcement dates
Index Reconstitutions changes are announced on Wednesday of the Evaluation Week.

Reconstitution effective dates
Index reconstitutions become effective at market open the next trading day after the Evaluation Week.

Rebalance schedule
The Index is rebalanced bi-monthly in conjunction with the Index Reconstitution.

Rebalance reference dates
The Index Rebalance uses market data as of the close of trading on Tuesday of the Evaluation Week.

Rebalance announcement dates
Index Rebalance changes are announced on Wednesday of the Evaluation Week.

Rebalance effective dates
Index Rebalance changes become effective at market open the next trading day after the Evaluation Week. In instances where the market may be closed on the effective date, the changes will become effective on the next trading day.

CONSTITUENT SELECTION

Constituent selection process

Point & Figure Charting
Dorsey Wright uses Point & Figure charting to record supply and demand within a security, focusing on the price movements of that security. Point-and-Figure charts filter out non-significant price movements by ignoring small price fluctuations, trading volume, and time.

Point & Relative Strength Chart
Relative strength is another technical analysis tool that measures a security's performance relative to other securities in the same industry, competitive industry, benchmark or broad market indices. Relative strength is a momentum technique that relies on unbiased, unemotional and objective data, rather than
biased forecasting and subjective research. Relative strength is a way of recording historic performance patterns, and DWA uses relative strength signals as a trend indicator for current momentum and future performance trends of a security versus another one.

For the purpose of conducting the Dorsey Wright International Focus Five Index methodology, DWA has selected the Index’s potential inventory, which is composed of roughly 22 international First Trust ETFs. The price data of these selected First Trust Portfolios ETFs is used to perform relative strength analysis.

DWA builds relative strength charts for each First Trust Portfolios ETF using the following process:

I. On a daily basis, DWA computes the ratio of the closing price of each First Trust Portfolios ETF to the closing price of each other First Trust Portfolios ETF.

Example: Relative Strength Reading = \( \frac{\text{ETF 1 Closing Price}}{\text{ETF 2 Closing Price}} \times 100 \)

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 but its input value is 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 contest between one First Trust Portfolios ETF and another, where the numerator is the ETF running down the left hand side of the matrix and the denominator is the ETF from the top of the Matrix.

For each First Trust Portfolios ETF, the total number of relative strength charts that are on a Buy Signal are noted in the column “Buys” of the Matrix. The Matrix is ranked such that the ETF with the highest number of Buy Signals is ranked #1, and appears at the top of the Matrix. The First Trust with the lowest number is ranked last and appears on the bottom of the “Matrix”.

The Index is composed of the top five First Trust ETFs in the inventory and the ETFs are only sold when they fall sufficiently out of favor versus the other members of the inventory on a relative strength basis. A new ETF is only added to the Index when an ETF in the Index is sold. When an addition or deletion is made, the Index is rebalanced so that each position is equally weighted. Security additions and deletions are made periodically and will become effective after the close of trading on the Friday following the announced effective date of the changes.
CONSTITUENT WEIGHTING

Constituent weighting scheme

The Index is an equal-weighted index.

Constituent weighting process

The Index employs an equal weighting scheme: all Index Securities are assigned equal Index market value.

For additional information about index weighting, see Nasdaq Standard Index Weight Adjustment Guidelines.

INDEX MAINTENANCE

Deletion policy

If, at any time during the year other than the Index Reconstitution(s), an Index Security no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index, it is removed from the Index. This includes circumstances where an ETF is determined to be ineligible for continued inclusion in the Index due to a pending liquidation, delisting, or definitive agreement to merge with another fund.

Replacement policy

Index securities deleted at any time during the year other than the Index Reconstitution(s) are not replaced.

Corporate actions

In the interim periods between scheduled index reconstitution events, individual Index securities may be the subject to a variety of corporate actions and events that require maintenance and adjustments to the Index. Specific treatment of each type of corporate action or event is described in Nasdaq Corporate Actions and Events Manual – Equities, which is incorporated herein by reference.

In certain cases, corporate actions and events are handled according to the weighting scheme or other index construction techniques employed. Wherever alternate methods are described, the Index will follow the “Non-Market Cap Corporate Action Method.”

Index share adjustments

Other than as a direct result of corporate actions, the index does not normally experience share adjustments between scheduled index rebalance and reconstitution events.
ADDITIONAL INFORMATION

Announcements
Nasdaq announces Index-related information via the Nasdaq Global Index Watch (GIW) website at http://indexes.nasdaqomx.com.
For more information on the general Index Announcement procedures, please refer to the Nasdaq Index Methodology Guide.

Holiday schedules
The Index is calculated Monday through Friday and does not close for holidays, as it is a Global Index.

Unexpected market closures
For information on Unexpected Market Closures, please refer to the Nasdaq Index Methodology Guide.

Calculation types
For information on the Index calculation types as well as the mathematical approach used to calculate the Index(es), please refer to the Calculation Manual – Equities & Commodities.

Recalculation and restatement policy
For information on the Recalculation and Restatement Policy, please refer to the Nasdaq Index Recalculation Policy.

Data sources
For information on data sources and the classification of dividends and associated tax rates, please refer to the Nasdaq Index Methodology Guide.

Contact information
For any questions regarding an Index, please contact the Nasdaq Index Client Services team at indexservices@nasdaq.com.

Index dissemination
Index values and weightings information are available through Nasdaq Global Index Watch (GIW) website at https://indexes.nasdaqomx.com/ as well as the Nasdaq Global Index FlexFile Delivery Service (GIFFD) and Global Index Dissemination Services (GIDS). Similar to the GIDS offerings, Genium Consolidated Feed (GCF) provides real-time Index values and weightings for the Nordic Indexes.
For more detailed information regarding Index Dissemination, see the Nasdaq Index Methodology Guide.

**Index calculation and dissemination schedule**

The Index is calculated five (5) days a week, Monday through Friday, starting with the earliest time zone (Asia/Tokyo) and closing with the latest time zone (America/New York), 12:30:01 Japan Standard Time to 17:16:00 Eastern Time.

**Website**

For further information, please refer to Nasdaq GIW website at https://indexes.nasdaqomx.com/.

**FTP and dissemination service**

Index values and weightings are available via FTP on the Nasdaq Global Indexes FlexFile Delivery Service (GIFFD). Index values are available via Nasdaq’s Global Index Dissemination Services (GIDS).

**GOVERNANCE**

**Index governance**

All Nasdaq Indexes follow the same governance structure. For a detailed list of this information, please see the Nasdaq Index Methodology Guide.

**Nasdaq Index Management Committee**

The Nasdaq Index Management Committee approves all new Index Methodologies. This committee is comprised of full-time professional members of Nasdaq. The committee meets regularly, and reviews items including, but not limited to, pending corporate actions that may affect Index constituents, statistics comparing the composition of the indexes to the market, companies that are being considered as candidates for addition to an Index, and any significant market events.

For a detailed overview of the Index Management Committee, please see the Nasdaq Index Methodology Guide.

**Internal reviews of methodology**

For a detailed description on internal reviews of the Methodology, please see the Nasdaq Index Methodology Guide.

**Communication with stakeholders and consultations**

For a detailed description on Consultations and Communications with Stakeholders, please see the Nasdaq Index Methodology Guide.
Index cessation

Nasdaq has a documented procedure that is followed for Index Cessation that includes termination/retirement of an Index or Index Family.

For more information, please refer to the Nasdaq Index Cessation Policy.

Discretionary adjustment

This Index Methodology was created by Nasdaq to achieve the aforementioned objective of measuring the underlying purpose of each Index governed by this methodology document. Any deviations from this methodology are made in the sole judgment and discretion of Nasdaq so that the Index continues to achieve its objective.

For more information on potential adjustments including Calculation and Pricing Disruptions, Expert Judgment, and Unexpected Reconstitution/Rebalances, please refer to the Nasdaq Index Methodology Guide.

GLOSSARY OF TERMS AS USED IN THIS DOCUMENT

For the glossary of key terms, please refer to the Nasdaq Index Methodology Guide.

DISCLAIMER

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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