

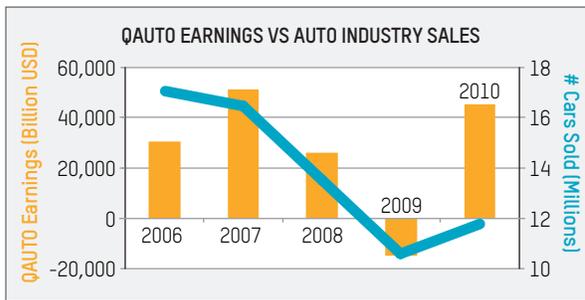
NASDAQ OMX INDEX RESEARCH

NASDAQ OMX Global Automobile Index (QAUTO)

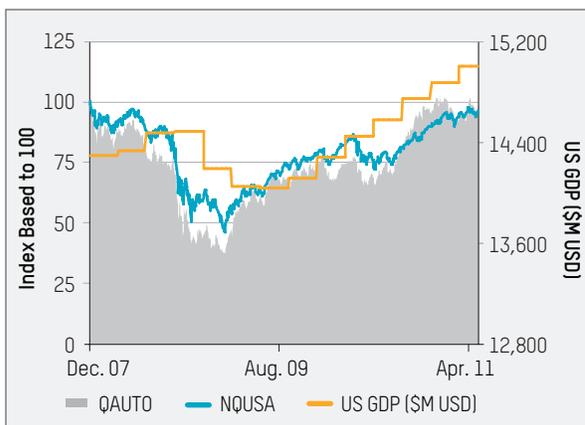
Launched in February 2011, the **NASDAQ OMX Global Automobile Index (QAUTO)** is a modified market-capitalization weighted index designed to track the performance of the largest and most liquid companies engaged in the manufacturing of automobiles. In order to be eligible for the index, the issuer of the securities must be classified as an automobile manufacturer according to the Industry Classification Benchmark (ICB).

PERFORMANCE

During the economic downturn and subsequent stock market decline, share prices of auto manufacturers underperformed the broader market due to needs for bailout capital, broad decline in sales and investor doubt in the continued viability of the business model. With the market recovery beginning in March 2009, the auto industry rebounded to a higher degree than the US stock market as a whole as financials and sales began to rebound to levels closer to pre-recession figures (see chart below of QAUTO Earnings vs Auto industry Sales).

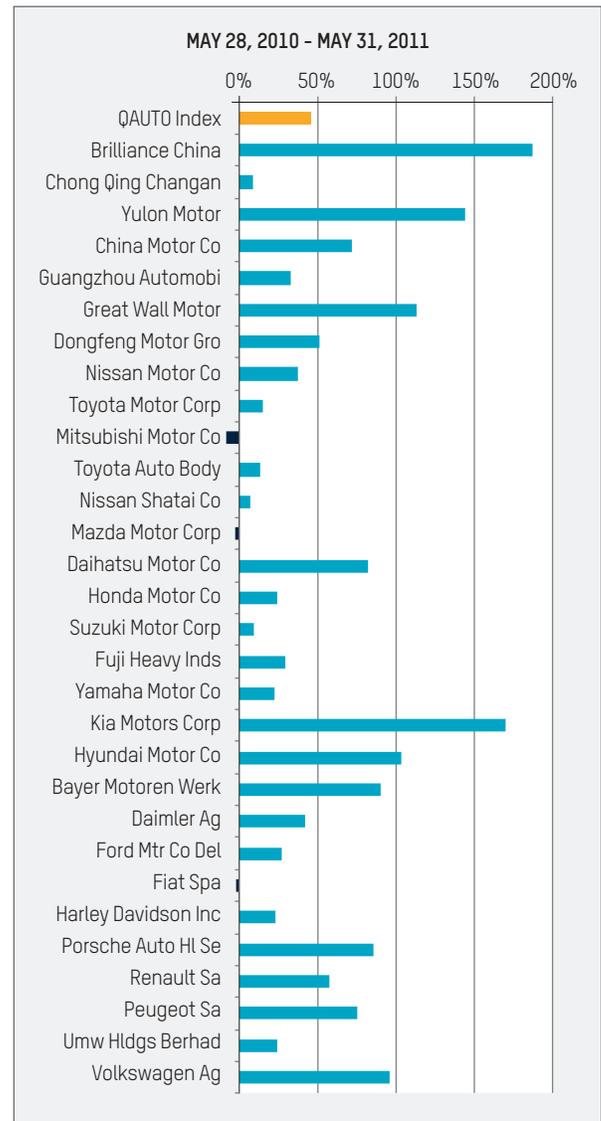


The graph below displays QAUTO data against the NASDAQ US All Market Index (NQUSA). From the market bottom on March 9, 2009, to May 31, 2011, the US equity market had a return of 106.3% (using NQUSA data), while QAUTO returned 165.0% over the same time period. This return disparity shows how much the sector has improved in such a short time window, while also showing the potential for further returns as the global economy continues its road to recovery. Ongoing advancements in the auto industry such as hybrid and electric vehicles should continue to drive sales as companies work to improve balance sheets and rid themselves of government ownership.



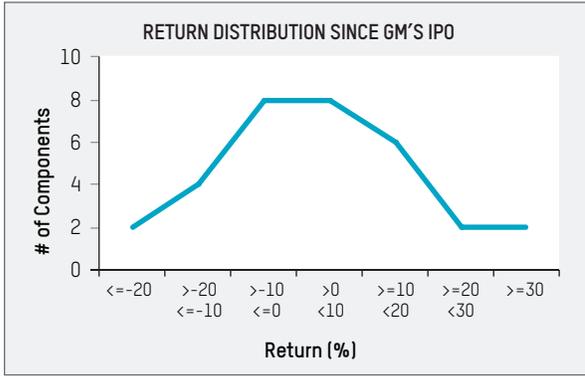
The auto industry, and QAUTO as its proxy, has a positive correlation to the broader economic figures and could continue its performance as the Gross Domestic Product (GDP) of the US continues to expand and rebound to pre-recession levels.

In the twelve months ending May 31, 2011, of the 30 components in QAUTO that traded for the entire year, 27 had relatively strong positive returns and the remaining three were only slightly negative. The return of the index was 45.4%.



From the date of General Motors' IPO (November 18, 2010) through the end of May 2011, 18 of the 32 components in QAUTO had positive returns. The max return was posted by

Kia Motors at 57% and the minimum of -42% was posted by Fiat. The median component return was 1.2%, the average was 3% and the weighted average was 6%. Over this same time window QAUTO and NQUSA had 4.2% and 13% returns, respectively.



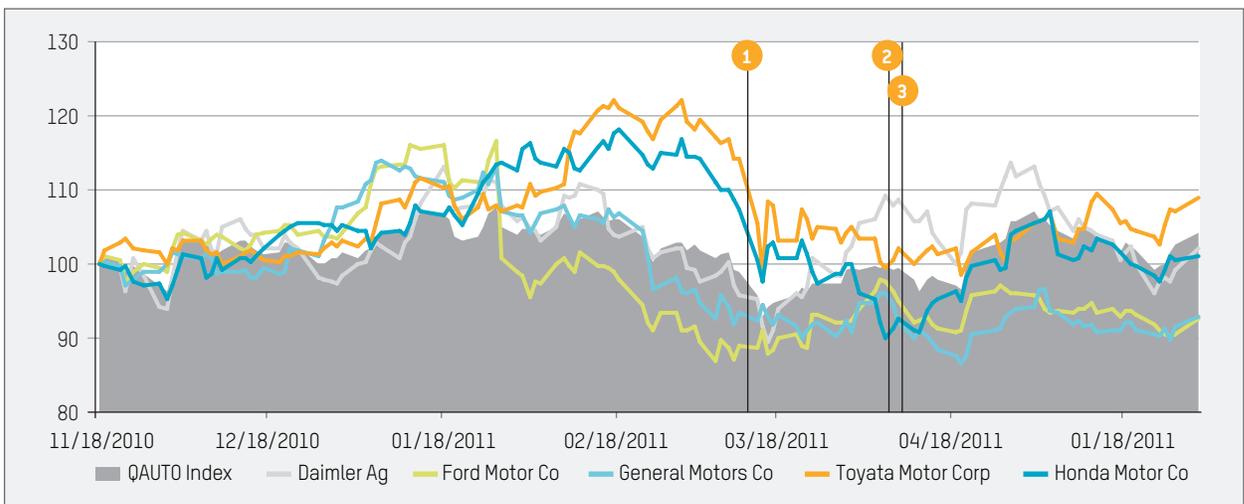
TOP TEN HOLDINGS

TICKER	COMPANY	% OF INDEX
DAI	Daimler Ag	7.82
F	Ford Motor Co	7.73
GM	General Motors Co	7.40
7203	Toyota Motor Corp	6.99
7267	Honda Motor Co	6.85
A005380	Hyundai Motor Co	5.76
A000270	Kia Motors Corp	5.36
VOW	Volkswagen Ag	4.30
BMW	Bayer Motoren Werk	4.25
7201	Nissan Motor Co	3.83

VOLATILITY

Since GM's IPO, QAUTO had an annualized volatility of 18.5% while the overall market had a volatility of 12.1%. The most volatile component of QAUTO over that time frame was 84.7%, the median was 35.5% and the least volatile was 15.7%.

PERFORMANCE OF TOP FIVE COMPONENTS



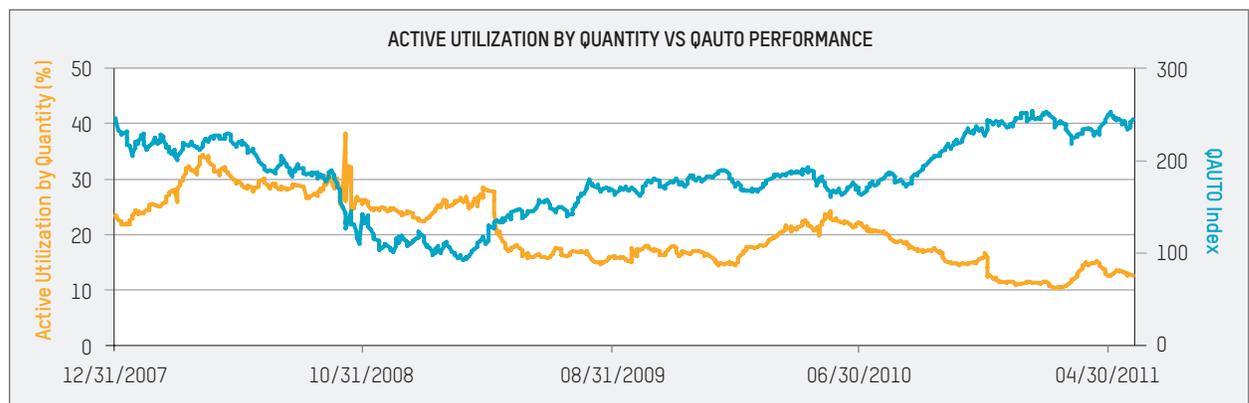
1 March 11, 2011
Tohoku Earthquake, Japan

2 April 7, 2011
Miyagi Earthquake, Japan

3 April 11, 2011
Fukushima Earthquake, Japan

DATA EXPLORERS SECURITIES LENDING VS QAUTO INDEX PERFORMANCE

Active utilization by quantity (a data point calculated by Data Explorers) is the sum of all of the shares out on loan divided by the sum of all of the shares that are available to be lent. In the chart below, the active utilization by quantity for the sum of all components in QAUTO has been calculated and is graphed against the index price level. In the most recent three years, QAUTO has been moving in the opposite direction of its underlying active utilization by quantity. Therefore, as the auto industry has been rebounding, the number of people engaged in shorting the industry has tapered off.



ASSOCIATED ETF

- > First Trust NASDAQ Global Auto Index Fund (NASDAQ: CARZ)

NOTES

1. All data mentioned in the report is through May 31, 2011, unless otherwise indicated. QAUTO went live on February 22, 2011. All QAUTO Index calculations used back-tested data prior to this date.
2. Data in "Performance of Top Five Components" chart are rebased to 100 as of November 18, 2010 (GM's IPO).
3. QAUTO earnings sourced from FactSet Research Systems.
4. Auto industry sales data sourced from <http://wardsauto.com>.
5. Data Explorers data sourced from www.dataexplorers.com.

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