



INDEX METHODOLOGY

NASDAQ DORSEY WRIGHT PEOPLE'S PORTFOLIO INDEX

NQDWAPP

INDEX DESCRIPTION

The Nasdaq Dorsey Wright People's Portfolio Index tactically allocates between the Nasdaq US 500 Large Cap Index (NQUS500LC), the Nasdaq US 500 Large Cap Equal Weight Index (NQUS500LCE) and the First Trust Enhanced Short Maturity ETF (FTSM), based on daily relative strength readings.

SECURITY ELIGIBILITY CRITERIA

The Index holds one of three possible positions: Nasdaq US 500 Large Cap Index, the Nasdaq US 500 Large Cap Equal Weight Index, or the First Trust Enhanced Short Maturity ETF. When the Index holds one of the component indexes, it contains the same securities as that index. When the Index holds the First Trust Enhanced Short Maturity ETF, it contains only that ETF. See the component methodologies for further information.

INDEX CALENDAR

Reconstitution schedule

The relative strength analysis to determine which position the Index should hold is conducted on a daily basis at the close of trading, except on the following dates:

- Any U.S. trading holiday or abbreviated trading day associated with a trading holiday (such as Christmas Eve, the Friday after Thanksgiving or the day before the observed 4th of July holiday).

When the index holds one of the component indexes, the Index also follows the reconstitution schedule of the component index. Please refer to the component index methodologies for further information.

Reconstitution reference dates

When the index holds one of the component indexes, the Index reconstitution reference dates are the same as the component index held. Please refer to the component index methodologies for further information.

Reconstitution announcement dates

Change of the index position is announced as soon as practicable after the daily relative strength analysis.

When the index holds one of the component indexes, the Index follows the announcement schedule of the component index held. Please refer to the component index methodologies for further information.

Reconstitution effective dates

Change of the index position is effective at market open five trading days after the close of trading on the day the relative strength analysis resulted in a change.

When the index holds one of the component indexes, the Index reconstitution effective dates are the same as the component index held. Please refer the component index methodology for further information.

Rebalance schedule

When the index holds one of the component indexes, the Index follows the same rebalance schedule as the component index held. Please refer to the component index methodologies for further information.

When the index holds the First Trust Enhanced Short Maturity ETF there are no rebalances.

CONSTITUENT SELECTION

Constituent selection process

Dorsey Wright selects the index position based on daily relative strength readings.

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 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.

The Index can hold either the Nasdaq US 500 Large Cap Index, the Nasdaq US 500 Large Cap Equal Weight Index or the First Trust Enhanced Short Maturity ETF. The price data of the Nasdaq US 500 Large Cap Index and the Nasdaq US 500 Large Cap Equal Weight Index are used to perform a relative strength analysis. Dorsey Wright Associates (DWA) selects the index position using the following process:

- The Nasdaq US 500 Large Cap Index and the Nasdaq US 500 Large Cap Equal Weight Index are compared against each other on a relative strength basis. If the relative strength chart favors the Nasdaq US 500 Large Cap Index, the Index will invest in the Nasdaq US 500 Large Cap Index. If the relative strength chart favors the Nasdaq US 500 Large Cap Equal Weight Index, the Index will invest in the Nasdaq US 500 Large Cap Equal Weight Index.
- The winner of this comparison is compared next against a cash-like proxy using a relative strength chart. If the resulting relative strength chart favors the cash-like proxy, then the Index will invest in the First Trust Enhanced Short Maturity ETF. If the relative strength chart favors the equity index, then the Index will remain fully invested.

When the index holds the component indexes, the Index follows the same constituent selection process as the component index held. Please refer to the component index methodologies for further information.

CONSTITUENT WEIGHTING

Constituent weighting scheme

When the index holds one of the component indexes, the Index follows the same constituent weighting as the component index held. Please refer to the component index methodologies for further information.

When the Index holds the First Trust Enhanced Short Maturity ETF there is no constituent weighting.

INDEX MAINTENANCE

When the index holds one of the component indexes, the Index follows the same Index Maintenance policies as the component index. Please refer to the component index methodologies for further information.

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 Indexes are calculated Monday through Friday, except on days when the Nasdaq exchange is closed.

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 Indexes are calculated during the trading day based on the Last Sale Price and are disseminated once per second from 09:30:01 to 17:16:00 ET. The closing value of the indexes may change up until 17:15:00 ET due to corrections to the Last Sale Price of the Index Securities.

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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