



The Capital Strength Net Fee Index Methodology

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TABLE OF CONTENTS

- TABLE OF CONTENTS 2
- 1. Introduction..... 3
 - 1.1 General Description..... 3
 - 1.2 Index Rules For The Underlying Index 3
 - 1.3 The Index Formula 3
 - 1.3.1 The Capital Strength Indexes 4
 - 1.3.2 Calculation And Dissemination Frequency 4
- 2. Discretionary Adjustments 5
- Disclaimer..... 5
- Limits of Liability 5

1. INTRODUCTION

1.1 GENERAL DESCRIPTION

The Capital Strength Net Fee Index seeks to produce a daily return reflective of the performance of the Capital Strength Index after accounting for a daily withholding equivalent to a 0.65% annual management fee. The underlying Index is the Capital Strength Index (NQCAPST). The Capital Strength Index seeks to provide exposure to well-capitalized companies with strong market positions that have the potential to provide their stockholders with a greater degree of stability and performance over time. The companies are screened so that the index constituents generally have strong balance sheets, a high degree of liquidity, the ability to generate earnings growth, and a record of financial strength and profit growth. The Index is composed of 50 stocks selected objectively based on cash on hand, debt ratios and volatility. The index components are equally weighted at each quarterly rebalance.

The Capital Strength Index is calculated as a Price Return index in USD.

+ **The Capital Strength Net Fee Index (NQCAPSTNF)**

1.2 INDEX RULES FOR THE UNDERLYING INDEX

See the [“The Capital Strength Methodology”](#).

1.3 THE INDEX FORMULA

The formula for calculating the Indexes are:

The Price Excess Return Index is calculated according to the following formula:

- + $PER_t = PER_{t-1} \left(\frac{PR_t}{PR_{t-1}} - ExcRt \times \frac{day}{365} \right)$
- + $PER_{t-1} =$ Price Excess Return Index Value previous calculation date
- + $PER_t =$ Price Excess Return Index Value on t
- + $PR_{t-1} =$ Price Return Index Value previous calculation date
- + $PR_t =$ Price Return Index Value on t
- + $ExcRt = 0.65\%$
- + $day =$ number of calendar days between business day $t - 1$ and t

1.3.1 THE CAPITAL STRENGTH NET FEE INDEX

Index	Underlying Index	Symbol	Base Date	Base Value	Currency
The Capital Strength Net Fee Index	The Capital Strength Index	NQCAPST	3/20/2013	1000.00	USD

1.3.2 CALCULATION AND DISSEMINATION FREQUENCY

The Index is calculated during the trading day and is disseminated every fifteen seconds from 09:30:15 to 17:16:00 ET, while the Underlying Index is calculated and disseminated once per second. The closing value of the Index may change up until 17:15:00 ET due to corrections to the closing value of the Underlying Indexes.

2. DISCRETIONARY ADJUSTMENTS

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

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