

Dow Jones RBP U.S. Large-Cap 130/30 IndexesSM

Methodology

Dow Jones RBP U.S. Large-Cap 130/30 IndexSM

Dow Jones RBP U.S. Large-Cap Growth 130/30 IndexSM

Dow Jones RBP U.S. Large-Cap Value 130/30 IndexSM

Introduction

The Dow Jones RBP U.S. 130/30 IndexesSM are the part of the Dow Jones RBP Index SeriesSM – a family of quantitative strategy indexes offered by Dow Jones Indexes using rules-based published analytics supplied by Transparent Value, L.L.C.[®] Components of the Dow Jones RBP IndexesSM are selected based on their RBP[®] probabilities.

RBP[®], which stands for Required Business Performance[®], is calculated by taking a reverse discounted cash-flow approach to determine the future business performance required by a company to support its stock price. RBP[®] probabilities indicate the likelihood that a company can achieve the business performance identified by applying the methodology over specified time periods. Additional documentation describing the RBP[®] philosophy and quantitative evaluation process is available at www.DowJonesRBP.com.

The Dow Jones RBP U.S. 130/30 IndexesSM use RBP[®] probabilities to construct indexes that reflect a 130/30 investment strategy. Each index measures the performance of a parent index plus a component that measures long exposure to the securities ranked highest by RBP[®] probability through inverse exposure to the securities that rank lowest.

The index universe for the Dow Jones RBP U.S. Large-Cap 130/30 IndexesSM is the Dow Jones Wilshire U.S. Large-Cap IndexSM, which includes the largest 750 components of the Dow Jones Wilshire 5000SM. The Dow Jones RBP U.S. Large-Cap 130/30 IndexSM therefore measures a 100% long position in the Dow Jones Wilshire U.S. Large-Cap IndexSM, plus an additional 30% long position in the 30 top-ranked stocks as would be achieved through inverse exposure to the 30 lowest-ranked stocks.

Index Construction and Rebalancing

During the initial construction of the indexes and at each index rebalancing, Transparent Value calculates a RBP[®] probability score for each of the 750 stocks in the index universe. The stocks in the index universe are ranked based on this score.

The top 30 stocks by RBP[®] probability score are selected to create the Dow Jones RBP U.S. Large-Cap Leading 30 IndexSM. Likewise, the bottom 30 stocks by RBP[®] probability score are selected to create the Dow Jones RBP U.S. Large-Cap Lagging 30 IndexSM. Selections to these indexes are subject to a screen requiring that components have a three-month average daily dollar trading volume of at least 2.5 million.

The Dow Jones RBP U.S. Large-Cap 130/30 IndexSM is created by combining the core 750 securitiesSM with a component that measures an additional 30% long position in the Dow Jones RBP U.S. Large-Cap Leading 30 IndexSM through a 30% inverse exposure to the Dow Jones RBP U.S. Large-Cap Lagging 30 IndexSM.

To limit turnover due to short-term fluctuations, a 10-stock buffer favoring current components is imposed during the rebalancings of the Dow Jones RBP U.S. Leading and Lagging IndexesSM.

Review Frequency

The index is rebalanced quarterly, following the third Friday of the third month of the quarter.

Weighting

Constituent stocks are equally weighted within the leading/lagging component of index. The 750 securities that make up the core of the index are weighted by float-adjusted market capitalization.

Historical Data Availability

Back-tested theoretical historical index values are available daily back to December 31, 2004, the date at which the base value of the index is set at 100. The Dow Jones RBP U.S. Large-Cap 130/30 IndexesSM were first published on March 11, 2008. All estimated daily historical closing prices prior to that date are based on back-testing (i.e., calculations of how the index might have performed in the past if it had existed). Backtested performance information is purely hypothetical and is solely for informational purposes. Backtested performance does not represent actual performance, and should not be interpreted as an indication of actual performance. Past performance is not indicative of future results.

Growth and Value Indexes

The Dow Jones RBP U.S. Large-Cap Growth 130/30 IndexSM and Dow Jones RBP U.S. Large-Cap Value 130/30 IndexSM are created and maintained according to the same methodology as the broad index. They are derived from the Dow Jones Wilshire U.S. Large-Cap Growth IndexSM and the Dow Jones Wilshire U.S. Large-Cap Value IndexSM, respectively. These parent indexes are constructed based on a methodology that accounts for, among other criteria, published projected P/E, projected earnings growth, price-to-book ratio, dividend yield, trailing revenue growth and trailing earnings growth. For more information, see the Dow Jones Wilshire U.S. Style IndexSM methodology at www.djindexes.com.

For more information on the Dow Jones RBP U.S. Large-Cap 130/30 IndexesSM,
email djindexsupport@dowjones.com or call 609.520.7249. Learn more at www.djindexes.com.

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