

S&P Dow Jones Indices

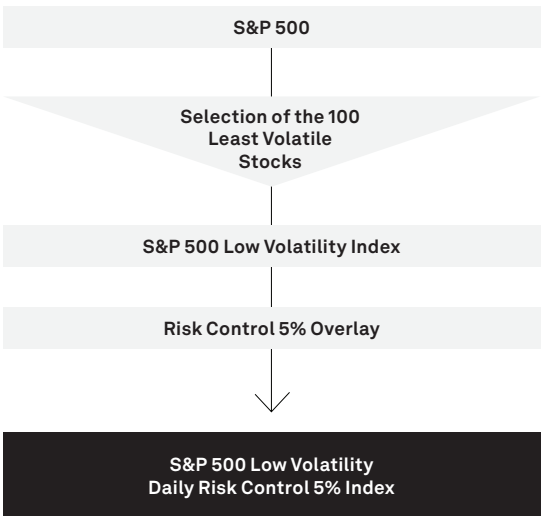
A Division of **S&P Global**

S&P 500[®] Low Volatility Daily Risk Control 5% Index

Limiting Risks, Not Performance

When the market outlook is far from certain, investors often seek out sources of stable performance. With risk mitigation in mind, the S&P 500 Low Volatility Daily Risk Control 5% Index uses a multi-layered approach that starts with the underlying index and ends with a risk control overlay.

Index Construction



Underlying Index: S&P 500 Low Volatility Index

The S&P 500 Low Volatility Index tracks the **100 least volatile stocks** in the S&P 500, which is widely regarded as the best single gauge of large-cap U.S. equities. Once these stocks are selected, the index then **goes a step further to mitigate volatility** using a weighting scheme that **favors the least volatile stocks**.

While conventional wisdom claims “high risk, high rewards,” that’s not always the case. Low volatility indices like the S&P 500 Low Volatility Index have actually shown a tendency to outperform their benchmarks over mid- to long-term periods on a risk-adjusted basis—a phenomenon known as the low volatility anomaly.*

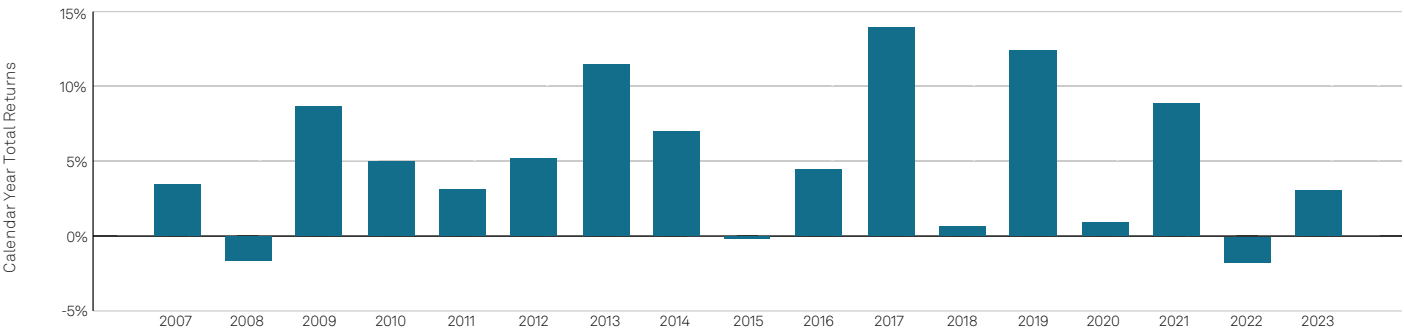
Risk Control 5% Overlay

S&P Risk Control Indices use an overlay designed to **maintain risk at a predefined level**—in this case, up to 5% volatility. The risk control framework is applied to the underlying index and tilts from the underlying index to cash in volatile markets and from cash to the underlying index in less volatile markets, historically providing **even lower volatility** than the S&P 500 Low Volatility Index.

When Volatility ↑	S&P Low Volatility Index Weight ↓	& Cash Weight ↑
When Volatility ↓	S&P Low Volatility Index Weight ↑	& Cash Weight ↓

S&P 500 Low Volatility Daily Risk Control 5% Index TR Performance

The S&P 500 Low Volatility Daily Risk Control 5% Index has historically limited risk without compromising performance.



*Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2023. Index performance based on total return in USD. The S&P 500 Low Volatility Daily Risk Control 5% Index was launched Aug. 31, 2011. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart/table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

About S&P Dow Jones Indices

At S&P Dow Jones Indices, we provide iconic and innovative index solutions backed by unparalleled expertise across the asset-class spectrum. By bringing transparency to the global capital markets, we empower investors everywhere to make decisions with conviction. We're the largest global resource for index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based upon our indices than any other index provider in the world. Our solutions are widely considered essential in tracking market performance, evaluating portfolios and developing investment strategies.

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Performance Disclosure/Back-Tested Data

The S&P 500 Low Volatility Daily Risk Control 5% Index was launched on August 31, 2011. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance. The back-test calculations are based on the same methodology that was in effect on the index Launch Date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. Complete index methodology details are available at www.spglobal.com/spdji. Past performance of the Index is not an indication of future results. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results. Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations. Back-tested performance is for use with institutions only; not for use with retail investors.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate S&P DJI's ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using "Backward Data Assumption" (or pulling back) of ESG data for the calculation of back-tested historical performance. "Backward Data Assumption" is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as "product involvement") were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on "Backward Data Assumption" please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used.

Index returns shown do not represent the results of actual trading of investable assets/securities. S&P Dow Jones Indices maintains the index and calculates the index levels and performance shown or discussed but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

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