

Description

The S&P Economic Cycle Factor Rotator Index seeks to rotate its investment strategy across four distinct strategies based on the most recent economic data from the Chicago Fed National Activity Index, with a target volatility of 6%.

Index Attributes

Empirical evidence suggests that factor returns have been highly cyclical and sensitive to macroeconomic conditions historically. In addition, different factors might outperform their market-cap-weighted benchmarks during different macroeconomic conditions. The S&P Economic Cycle Factor Rotator Index seeks to measure one single factor at each point in time, according to the trend and strength of economic activity, as measured by the Chicago Fed National Activity Index, a coincident indicator. It aims to offer a way to express views for more tactically oriented investors by taking advantage of the cyclical nature and distinct behavior of individual factors.

Methodology Construction

- **Universe.** The indices included in the strategies are the S&P Momentum United States Daily Risk Control 6% Excess Return Index, S&P 500 Pure Value Daily Risk Control 6% Excess Return Index, S&P 500 Buyback FCF Daily Risk Control 6% Excess Return Index, and S&P 500 Low Volatility High Dividend Daily Risk Control 6% Excess Return Index. When constructing the four risk control subindices, the cash bond index was used rather than the bond futures index. The cash bond index was represented by the S&P U.S. Treasury Bond 5-7 Year Excess Return Index.
- **Allocation Algorithm.** For each month, k , we calculate the three-month average of CFNAI and the change of CFNAI over three months.
 - If $3M\ Average(k) \geq 0$ and $3M\ Change(k) \geq 0$, then Equity Allocated Index (k) is Momentum
 - If $3M\ Average(k) < 0$ and $3M\ Change(k) \geq 0$, then Equity Allocated Index (k) is Value
 - If $3M\ Average(k) \geq 0$ and $3M\ Change(k) < 0$, then Equity Allocated Index (k) is Buyback
 - If $3M\ Average(k) < 0$ and $3M\ Change(k) < 0$
 - and $3M\ Average(k-1) < 0$ and $3M\ Change(k-1) \geq 0$, then Equity Allocated Index (k) is Value;
 - else, Equity Allocated Index (k) is Low Vol High Dividend
- **Rotation Schedule.** The signal for which strategy will be used the following month will be announced three days prior to the end of the month and implemented on the first business day of the following month.

Quick Facts

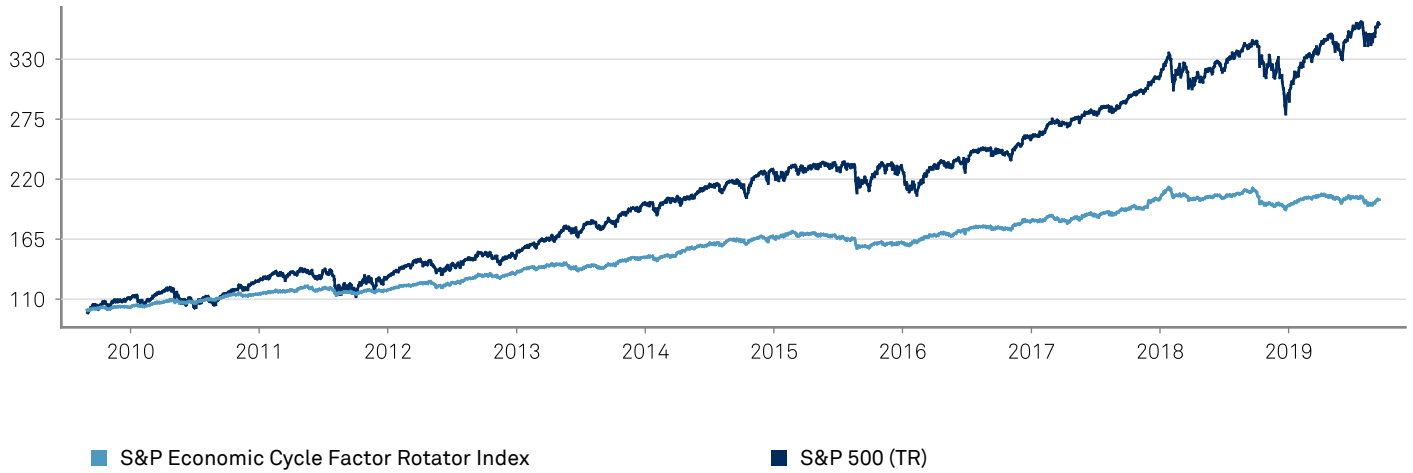
WEIGHTING METHOD	N/A
REBALANCING FREQUENCY	Monthly
CALCULATION FREQUENCY	End of day
CALCULATION CURRENCIES	USD
LAUNCH DATE	August 16, 2016
FIRST VALUE DATE	August 1, 1995
REGULATORY AUTHORIZATION	European Union

For more information, including the complete methodology document, please visit:
<https://www.spindices.com/indices/strategy/sp-economic-cycle-factor-rotator-index>

All information for an index prior to its Launch Date is back-tested, based on the methodology that was in effect on the Launch Date. Back-tested performance, which is hypothetical and not actual performance, is subject to inherent limitations because it reflects application of an Index methodology and selection of index constituents in hindsight. No theoretical approach can take into account all of the factors in the markets in general and the impact of decisions that might have been made during the actual operation of an index. Actual returns may differ from, and be lower than, back-tested returns.

Historical Performance

* Data has been re-based at 100



Performance

INDEX LEVEL	RETURNS			ANNUALIZED RETURNS			
	1 MO	3 MOS	YTD	1 YR	3 YRS	5 YRS	10 YRS
EXCESS RETURNS							
483.97	-2.02%	0.67%	2.44%	-4.28%	5.34%	5.05%	8.34%
PRICE RETURNS							
384.14	-2.18%	0.2%	1.19%	-5.62%	4.03%	3.75%	7.08%
BENCHMARK* TOTAL RETURNS							
5,898.23	-1.58%	6.87%	18.34%	2.92%	12.7%	10.11%	13.45%
BENCHMARK* PRICE RETURNS							
2,926.46	-1.81%	6.34%	16.74%	0.86%	10.47%	7.87%	11.11%
BENCHMARK* NET TOTAL RETURNS							
5,234.74	-1.65%	6.71%	17.86%	2.3%	12.03%	9.44%	12.74%

* The index benchmark is the S&P 500

Calendar Year Performance

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
EXCESS RETURNS										
	-1.95%	12.65%	13.58%	-1.62%	13.12%	11.91%	14.68%	4.33%	13.14%	6.2%
PRICE RETURNS										
	-2.51%	10.99%	12.11%	-2.81%	11.82%	10.89%	13.35%	3.16%	11.63%	5.88%
BENCHMARK* TOTAL RETURNS										
	-4.38%	21.83%	11.96%	1.38%	13.69%	32.39%	16%	2.11%	15.06%	26.46%
BENCHMARK* PRICE RETURNS										
	-6.24%	19.42%	9.54%	-0.73%	11.39%	29.6%	13.41%	0%	12.78%	23.45%
BENCHMARK* NET TOTAL RETURNS										
	-4.94%	21.1%	11.23%	0.75%	12.99%	31.55%	15.22%	1.47%	14.37%	25.55%

* The index benchmark is the S&P 500

Tickers

	TICKER	REUTERS
EXCESS RETURNS	SPECFRT	.SPECFRT
PRICE RETURNS	SPECFR6P	.SPECFR6P

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Sydney

61 2 9255 9802

DISCLAIMER

Source: S&P Dow Jones Indices LLC.

The launch date of the S&P Economic Cycle Factor Rotator Index was August 16, 2016. The launch date of the S&P 500 was March 4, 1957.

All information presented prior to the index launch date is back-tested. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index was officially launched. Past performance is not an indication or guarantee of future results. Please see the Performance Disclosure at <http://www.spindices.com/regulatory-affairs-disclaimers/> for more information regarding the inherent limitations associated with back-tested performance.

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