S&P Dow Jones Indices

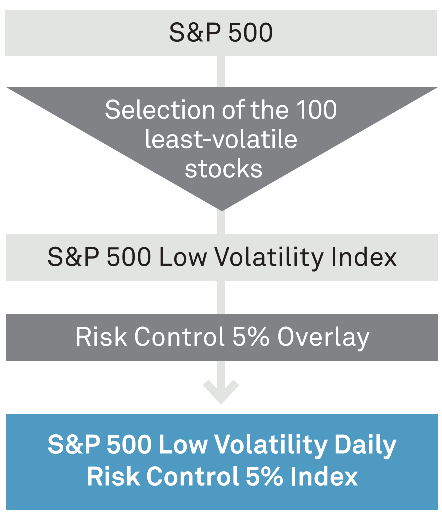
A Division of S&P Global

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

Limiting Risks, Not Returns

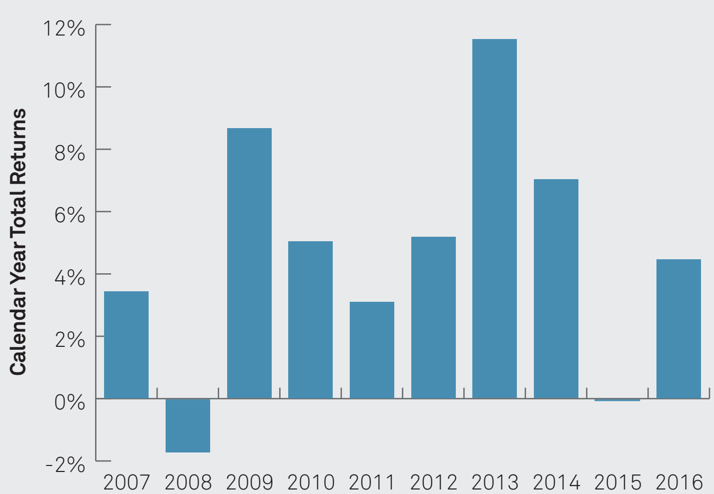
When the market outlook is far from certain, investors often seek out sources of stable returns. The S&P 500 Low Volatility Daily Risk Control 5% Index aims to meet that need and mitigates risk using a multi-layered approach that starts with the underlying index and ends with a risk control overlay.

Index Construction



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 gains.



Underlying Index: S&P 500 Low Volatility Index

The S&P 500 Low Volatility Index is designed to track the **100 least-risky 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 limit volatility** by using a weighting scheme that **favors the least-volatile stocks**. Historically, this process has produced a more stable index than the S&P 500.

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 helps to reduce portfolio volatility towards the 5% target by moving a portion of the portfolio allocation from the underlying index to cash in volatile markets and from cash to the underlying index in less volatile markets. As a result, the S&P 500 Low Volatility Risk Control 5% Index seeks to provide **even lower volatility** than the S&P 500 Low Volatility Index.

When Volatility ↑ S&P 500 Low Volatility Index Weight ↓ & Cash Weight ↑

When Volatility ↓ S&P 500 Low Volatility Index Weight ↑ & Cash Weight ↓

*Source: S&P Dow Jones Indices LLC. Data as of July 31, 2017. Past performance is no guarantee of future results. Chart is provided for illustrative purposes. Back-tested performance is not actual performance but is hypothetical. Please see the Performance Disclosures 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. With over USD 8.3 trillion in passively managed assets linked to our indices and over USD 8.4 trillion benchmarked to our indices, our solutions are widely considered essential in tracking market performance, evaluating portfolios and developing investment strategies.

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PERFORMANCE DISCLOSURE

The S&P 500 Low Volatility Daily Risk Control 5% Index was launched on Aug. 18, 2011. All information presented for an index prior to its launch date is back-tested. Back-tested performance in not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect on the launch date. Complete index methodologies are available at www.spdji.com. It is not possible to invest directly in an index.
Past performance of the Index is not an indication of future results. Prospective application of the methodology used to construct the Index may not result in performance commensurate with the back-test returns shown. The back-test period does not necessarily correspond to the entire available history of the Index. Please refer to the methodology paper for the Index, available at www.spdji.com 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. Another limita-tion of using back-tested information is that the back-tested calculation is generally prepared with the benefit of hindsight. Back-tested information reflects the application of the index methodology and selection of index constituents in hindsight. No hypothetical record can completely account for the impact of financial risk in actual trading. For example, there are numerous factors related to the equities, fixed income, or commodities markets in general which cannot be, and have not been accounted for in the preparation of the index information set forth, all of which can affect actual perfor-mance. The Index returns shown do not represent the results of actual trading of investable assets/securities. S&P Dow Jones Indices LLC 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 perfor-mance 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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