

# S&P Dow Jones Indices

A Division of **S&P Global**

## S&P PRISM Factor Index

### A New Opportunity for **Stable Appreciation**

The S&P PRISM Factor Index provides exposure to a combination of market factors in U.S. equities while also dynamically adjusting asset class weights daily to reduce overall volatility.

#### What is PRISM?

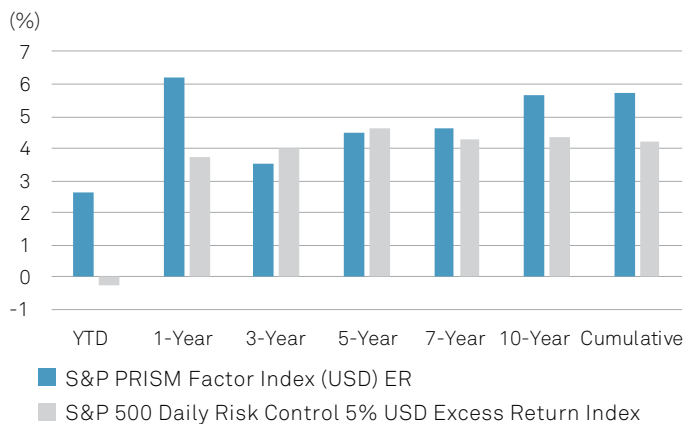
PRISM is an index-based solution intended to provide multi-asset diversification within a tactical framework, using three component indices representing equities, fixed income, and commodities.

#### Key Benefits

- Reduces the need to time factor exposures
- Exhibits stable, low volatility due to 5% volatility target
- Provides diversification across asset classes
- Historically, has demonstrated higher risk-adjusted returns compared to its individual underlying indices

#### Performance

##### Return Profile



Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2020. Past performance is no guarantee of future results. 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.

#### An Index of Indices

The S&P PRISM Factor Index is designed to evaluate, select, and strategically weight three benchmark indices daily to provide smooth appreciation.

##### - Equity

The S&P 500 Quality, Value & Momentum Multi-Factor Index, which measures the performance of 100 stocks within the S&P 500 that are characterized as having the top combination of quality, value, and momentum as determined by a multifactor score.

##### - Fixed Income

The S&P 10-Year U.S. Treasury Note Futures Index portfolio holds the nearest maturity 10 U.S. Treasury Note futures contract.

##### - Commodities

The S&P GSCI, which measures performance of the commodities market and is designed to be investable by including the most liquid commodity futures, and provides diversification with low correlations to other asset classes.

#### Why Factors?

##### - Unique Risk Premia

Over the long term, factors can offer their own return beyond what the market provides.

##### - Diversification

Historically, factors have exhibited relatively low correlations and may be helpful in diversifying a portfolio.

##### - Risk Management

Factor strategies can help investors achieve specific goals, such as risk reduction over the long term.

## Asset Weighting



1. Overweight various asset classes based upon momentum trend valuation and economic indicators



2. Weight components by the inverse of their volatility, to achieve greater stability



3. Add a risk-control overlay with 5% target to create the 5% Target S&P PRISM Factor Index

The index is rebalanced daily.

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Performance disclosure and general disclaimer

The S&P PRISM Factor Index was launched Oct. 31, 2019. 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.spdji.com](http://www.spdji.com). 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. 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 at a fixed value for calculation purposes. The Launch Date designates the date upon which 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 datafeed 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. 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](http://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 limitation 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 performance. 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 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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