

S&P 500[®] Innovation GARP TR Index



**S&P Dow Jones
Indices**

A Division of **S&P Global**

Introduction

Growth at a reasonable price (GARP) is a well-known investment approach that combines elements of both growth and value investing. This fundamental-driven strategy seeks to identify companies that offer attractive growth rates while being undervalued by the market. Specifically, GARP focuses on investing in companies with consistent earnings and sales growth, reasonable valuation, solid financial strength and strong profitability.

The essence of GARP can be captured through an index by following a systematic approach. The S&P GARP Index Series employs a sequential process that begins by identifying companies with robust growth characteristics. From this subset, companies that exhibit higher quality and lower valuations are selected. Recently, this index series was expanded to include the S&P 500 Innovation GARP Index. In addition to tracking growth companies with reasonable valuation, solid financial strength and strong earning power, this index also incorporates a consideration of R&D expenditure.

Key Index Characteristics



Index provides **balanced exposure to growth, value and quality factors**



By considering R&D expenditure, **the index distinguishes itself from existing GARP strategies and tilts toward innovative companies**



Due to the diversification potential of a balanced multi-factor methodology, **the index outperformed the S&P 500 in 21 out of 25 calendar years (84% of the time, historically)**



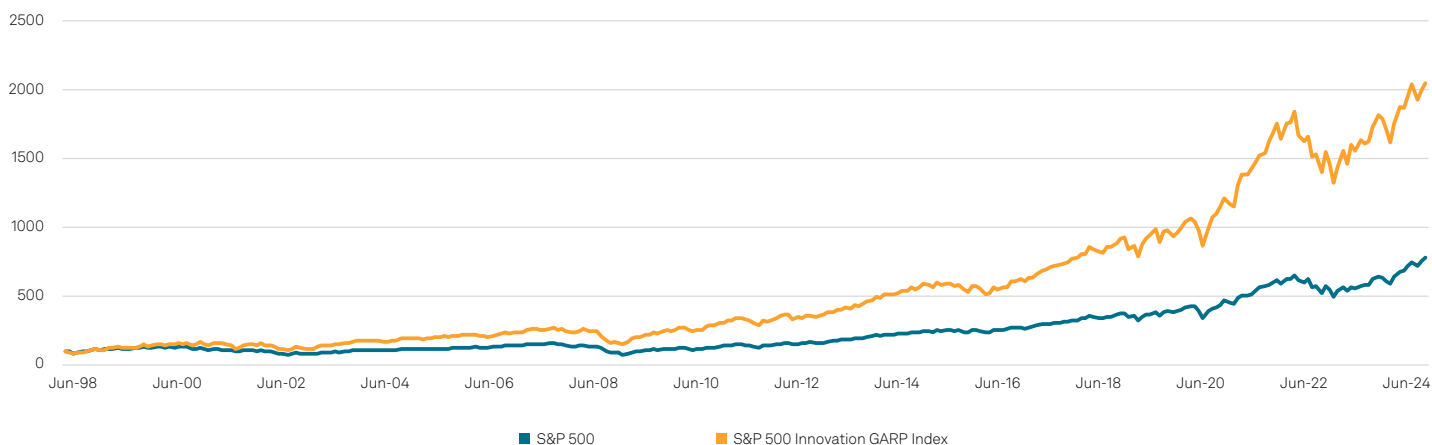
The index significantly outperformed the S&P 500 over the long term while **providing downside protection during major drawdowns over the last 25 years**

Key Features

Ticker	SPGROWT
Launch Date	June 24, 2024
Currency	USD
Return Type	Total Return
Geographical Coverage	U.S. Large Cap
Rebalance Frequency	Semiannual

Historical Performance

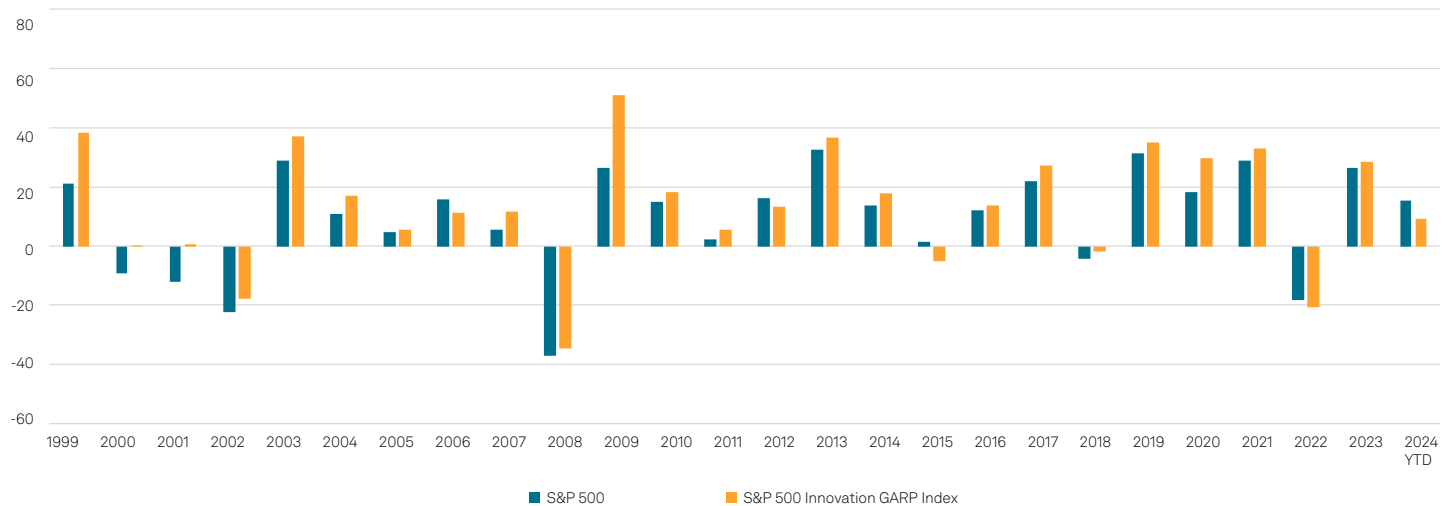
Since June 30, 1998, the S&P 500 Innovation GARP Index has generated a compounded annual return of 12.31% versus 8.21% for the S&P 500.



Source: S&P Dow Jones Indices LLC. Data from June 30, 1998, to June 30, 2024. The S&P 500 Innovation GARP Index was launched June 24, 2024. All data prior to launch date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Annual Return

The S&P 500 Innovation GARP Index has outperformed the S&P 500 in 21 out of 25 full calendar years (84% of the time, historically).



Source: S&P Dow Jones Indices LLC. Data from December 31, 1998, to June 30, 2024. The S&P 500 Innovation GARP Index was launched June 24, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

How Is the Index Constructed?

The index follows a sequential process for index construction:

Universe: S&P 500

Step 1

**Growth & R&D z-Score =
Average of Metrics**

1. 3-Year
EPS Growth

2. 3-Year
SPS Growth

3. R&D to
Enterprise Value

✓ 200 highest growth & R&D z-score stocks are eligible

Step 2

**Quality Value (QV)
Composite z-Score =
Average of Metrics**

1. FCF-to-
Revenue

2. FCF-to-
Total Debt

3. Price-to-
Earnings

✓ Select 100 stocks with highest quality value (QV) composite z-score

Step 3

**Growth & Innovation
Score Weighting**

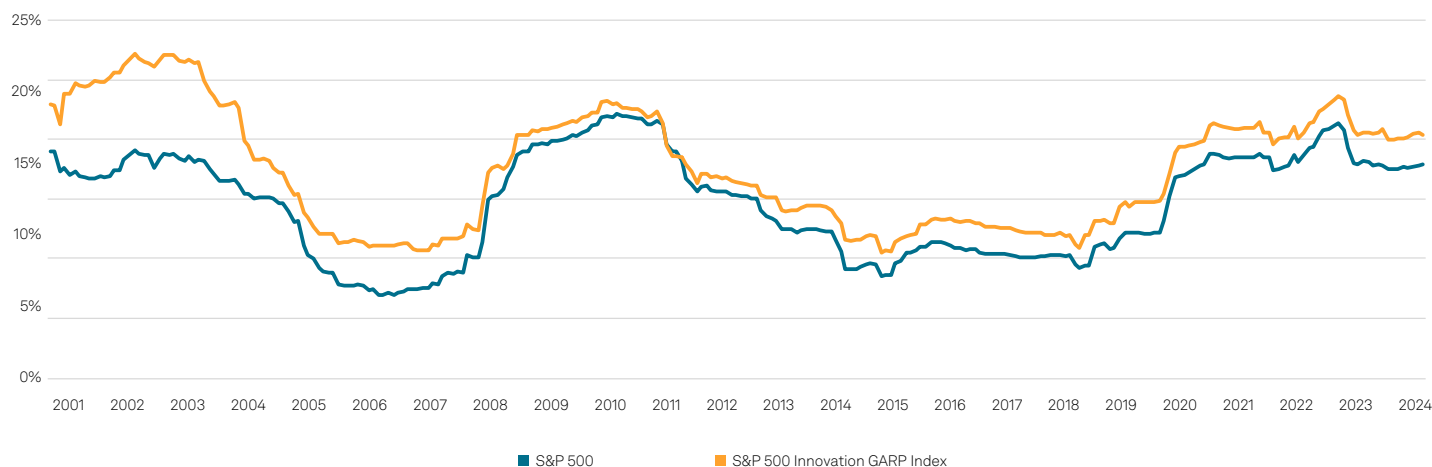
Weighted by Growth-&-R&D Score

✓

S&P 500 Innovation GARP Index

For a more detailed review of index construction, please see the [S&P GARP Indices Methodology](#).

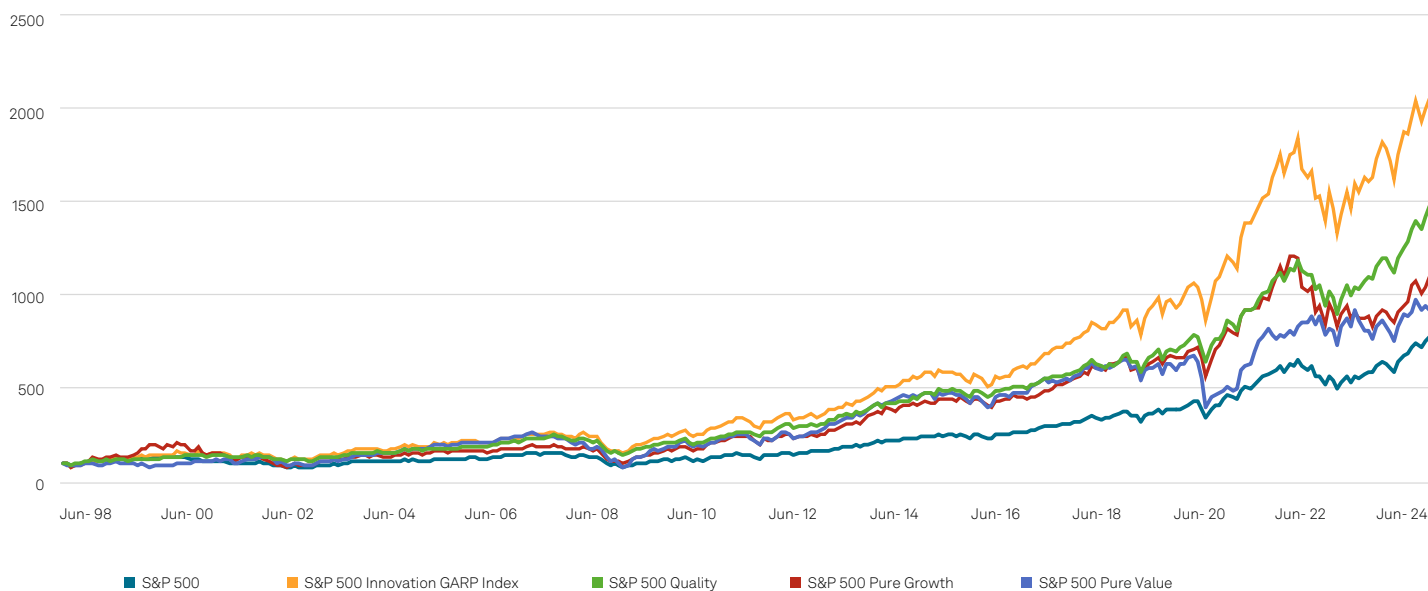
Rolling Three-Year Annualized Volatility



Source: S&P Dow Jones Indices LLC. Data from June 30, 1998, to June 30, 2024. The S&P 500 Innovation GARP Index was launched June 24, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Historical Risk/Return Profile

One of the key characteristics of S&P 500 Innovation GARP Index's multi-factor approach is that it offers potential diversification benefits. By combining the three factors of growth, value and quality, the index has outperformed other factor indices over the long term, with strong risk-adjusted returns.



Source: S&P Dow Jones Indices LLC. Data from June 30, 1998, to June 30, 2024. The S&P 500 Innovation GARP Index was launched June 24, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Metric	S&P 500	S&P 500 Innovation GARP Index	S&P 500 Pure Growth	S&P 500 Pure Value	S&P 500 Quality
Full-Period Annualized Returns	8.21	12.31	9.64	8.92	10.90
Full-Period Annualized Volatility	15.65	18.38	21.08	21.70	14.41
Full-Period Risk-Adjusted Return	0.52	0.67	0.46	0.41	0.76

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The S&P 500 Innovation GARP Index has exhibited strong returns over the long term, both in absolute and risk-adjusted terms, while also providing a more muted max drawdown relative to the S&P 500.

Period	S&P 500	S&P 500 Innovation GARP Index
Annualized Return (%)		
Full Period	8.21	12.31
YTD	15.29	9.25
1-Year	24.63	18.39
3-Year	10.02	8.01
5-Year	15.03	16.14
10-Year	12.85	14.25
15-Year	14.81	16.68
20-Year	10.29	12.89
Annualized Volatility (%)		
Full Period	15.65	18.38
3-Year	17.86	20.38
5-Year	18.08	20.26
10-Year	15.31	17.53
15-Year	14.68	16.59
20-Year	14.99	16.87
Risk-Adjusted Return		
Full Period	0.52	0.67
3-Year	0.56	0.39
5-Year	0.83	0.80
10-Year	0.84	0.81
15-Year	1.01	1.01
20-Year	0.69	0.76
Capture Ratio (%)		
Upside Capture	-	120.01
Downside Capture	-	106.01
Drawdown (%)		
Full Period	-50.95	-43.39

Source: S&P Dow Jones Indices LLC. Data from June 30, 1998, to June 30, 2024. The S&P 500 Innovation GARP Index was launched June 24, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Defensive Qualities

The S&P 500 Innovation GARP Index has demonstrated its defensive qualities over the long term, evidenced by its ability to outperform in high volatility regimes and its smaller declines during the three most severe drawdowns over the past 25 years.

Buffer Against Volatility

Average Monthly Excess Returns (%) vs the S&P 500	
VIX Levels	S&P 500 Innovation GARP Index
>30	0.62
>25-30	0.54
>20-25	0.35
>15-20	0.18
<=15	0.35

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Outperformance in Various Interest Rate Environments

Impressively, the S&P 500 Innovation GARP Index outperformed the S&P 500 in nearly every period shown below. On average, it has demonstrated the highest level of outperformance during periods of stable interest rates.

Period	Environment	S&P 500 Innovation GARP Outperformance vs. S&P 500
June 30, 1999 - Jan. 31, 2001	Rising	30.4%
Jan. 31, 2001 - June 30, 2004	Falling	17.1%
June 30, 2004 - June 30, 2006	Rising	0.9%
June 30, 2006 - Sept. 28, 2007	Stable	2.9%
Sept. 28, 2007 - Dec. 31, 2008	Falling	3.2%
Dec. 31, 2008 - Dec. 30, 2016	Stable	78.6%
Dec. 30, 2016 - Aug. 30, 2019	Rising	9.3%
Aug. 30, 2019 - Mar. 31, 2020	Falling	3.1%
Mar. 31, 2020 - Mar. 31, 2022	Stable	11.8%
Mar. 31, 2022 - June 30, 2024	Rising	-1.8%
Average in Rising		9.7%
Average in Falling		7.8%
Average in Stable		31.1%

Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2002, to June 30, 2024. The S&P 500 Innovation GARP Index (SOFR) was launched June 24, 2024. Rising or Falling environment is determined based on most recent interest rate decision. Interest rate environment is considered stable if no interest hikes or raises have been initiated for 12 consecutive months. All Data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

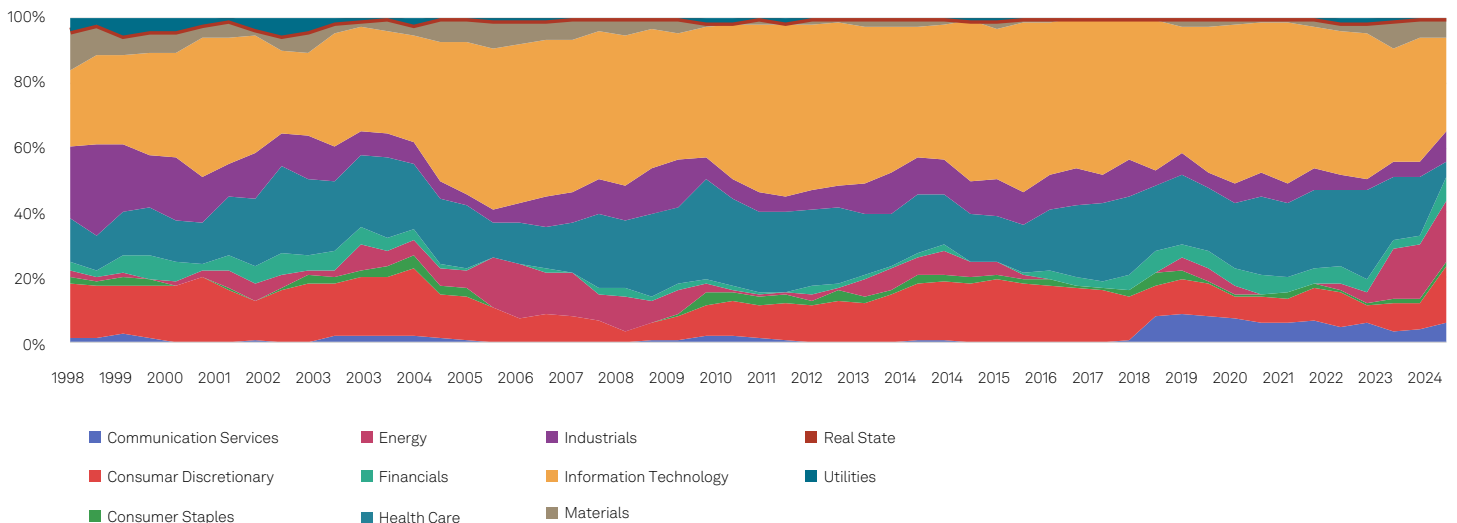
Three Largest Drawdowns

Drawdown	S&P 500	S&P 500 Innovation GARP Index
Maximum Drawdown Return (%)	-55.25	-48.45
Peak Date	Oct. 9, 2007	Oct. 18, 2007
Trough Date	Mar. 9, 2009	Nov. 20, 2008
# of Trading Days from Peak to Trough	356	277
Recovery Date	Apr. 2, 2012	Apr. 6, 2010
Recovery Length (Trading Days)	1130	620
Second Largest Drawdown Return (%)	-47.41	-41.03
Peak Date	Sept. 1, 2000	Jan. 30, 2001
Trough Date	Oct. 9, 2002	Oct. 9, 2002
# of Trading Days from Peak to Trough	526	424
Recovery Date	Oct. 26, 2006	Jan. 26, 2004
Recovery Length (Trading Days)	1546	749
Third Drawdown Return (%)	-33.79	-32.43
Peak Date	Feb. 19, 2020	Feb. 19, 2020
Trough Date	Mar. 23, 2020	Mar. 23, 2020
# of Trading Days from Peak to Trough	24	24
Recovery Date	Aug. 10, 2020	June 8, 2020
Recovery Length (Trading Days)	121	77

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Sector Allocation over Time

Historically, the S&P 500 Innovation GARP Index has been overweight secular growth sectors such as Information Technology and Health Care, while being underweight sectors such as Materials, Consumer Staples and Financials.



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Performance Disclosure/Back-tested Data

The S&P 500 Innovation GARP Index (SOFR) was launched June 24, 2024. 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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