S&P Dow Jones Indices

A Division of S&P Global

S&P Dow Jones Indices Launches Index Family for Risk Parity Strategy

S&P Risk Parity Indices Implement Long-Term Target Volatility for Risk Contribution

NEW YORK, AUGUST 8, 2018: S&P Dow Jones Indices ("S&P DJI") today announced the launch of the **S&P Risk Parity Indices**, its first index family designed to replicate a multi-asset risk parity strategy. The indices will follow S&P DJI's standards of transparent, rules-based methodologies for index construction, enabling a reflection of the risk and return characteristics of the investment discipline.

Delivering an alternative for market participants, the S&P Risk Parity Indices index portfolios are comprised of futures contracts of three asset classes – equity, fixed income and commodities – and use each's long-term realized volatility to measure risk. Each index has a target volatility and allocates weights to the asset classes based on a calculation of measured risk and the application of a leverage factor to achieve the defined target volatility.

The index family includes three indices:

- S&P Risk Parity Index - 10% Target Volatility
- S&P Risk Parity Index - 12% Target Volatility
- S&P Risk Parity Index - 15% Target Volatility

S&P DJI collaborated with MSR Indices, part of MSR Investments, an industry-leading practitioner of index-tracking market modeling, for index construction.

"Through the S&P Risk Parity Indices, risk parity funds and its managers for the first time can compare performance to a benchmark that embodies the risk/return and asset allocation characteristics of this frequently-used strategy," said **Vinit Srivastava, Managing Director, S&P Dow Jones Indices**. "This is a new development for risk parity market participants, as they are now empowered with information to measure their fund managers against a relative benchmark and, due to its bottom-up design, have the opportunity for index-based access to risk parity. We are proud to work with MSR Investments for our first risk parity indices."

"Before the S&P Risk Parity Indices, many investment companies used a traditional benchmark of a 60/40 portfolio of stocks and bonds, respectively, to measure the relative performance of risk parity funds," said **Michael Rulle, Founder and CEO, MSR Investments**. "Unfortunately, many of those standard benchmarks reflect neither the construction nor the risk/return expectations from the strategy. MSR Indices believes that the design of this index family adheres to the strategy's core meaning and offers a new and investable choice for those participating in this style of investing."

PRESS RELEASE

The S&P Risk Parity Indices join S&P DJI's growing offering of quantitative and event-driven indices, including the S&P U.S. Spin-Off Index, S&P Systematic Global Macro Index and the S&P Merger Arbitrage Index, among others.

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential 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 on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies, and governments to make decisions with confidence. For more information, visit www.spdji.com.

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