

**S&P Dow Jones  
Indices**

A Division of **S&P Global**

# **S&P Target Risk Index Series** *Methodology*

April 2024

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# Introduction

## Index Objective

The S&P Target Risk Index Series is comprised of four indices, each one measuring the performance of specific allocations to equities and fixed income.

## Highlights

Each index is composed of exchange traded funds (ETFs). The indices represent stock-bond allocations across a risk spectrum from conservative to aggressive. The presumed risk level of the index (conservative, moderate, growth, and aggressive) corresponds to the proportion of stocks and bonds.

- **S&P Target Risk Conservative Index.** The index is made up of 70% fixed income and 30% equities.
- **S&P Target Risk Moderate Index.** The index is made up of 60% fixed income and 40% equities.
- **S&P Target Risk Growth Index.** The index is made up of 60% equities and 40% fixed income.
- **S&P Target Risk Aggressive Index.** The index is made up of 80% equities and 20% fixed income.

## Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology	<a href="#">Equity Indices Policies &amp; Practices</a>
S&P Dow Jones Indices' Index Mathematics Methodology	<a href="#">Index Mathematics Methodology</a>

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

# Eligibility Criteria

## Eligibility Factors

The index series is comprised exclusively of exchange-traded funds (ETFs).

**Eligible Securities.** The universe of eligible asset classes and the instruments used to represent each are:

	<b>Asset Class</b>	<b>ETF</b>	<b>Ticker</b>
Equities – Developed Markets	U.S. LargeCap	iShares Core S&P 500 ETF	IVV
	U.S. MidCap	iShares Core S&P Mid-Cap ETF	IJH
	U.S. SmallCap	iShares Core S&P Small-Cap ETF	IJR
	Developed Ex-U.S.	iShares Core MSCI Intl Developed Markets ETF	IDEV
Equities – Emerging Markets	Emerging Markets	iShares Core MSCI Emerging Markets ETF	IEMG
Fixed Income	Broad Market	iShares Core Total USD Bond Market ETF	IUSB
	International Aggregate Bonds	iShares Core International Aggregate Bond ETF	IAGG

# Index Construction

## Approach

At the semi-annual rebalancing in April and October, the following steps are followed to determine the weights of the component ETFs representing the various asset and sub-asset classes.

1. The equity and fixed income weights are pre-determined for each index as indicated in the table below.

Allocation to Equity and Fixed Income		
Index	Equity	Fixed Income
Conservative	30%	70%
Moderate	40%	60%
Growth	60%	40%
Aggressive	80%	20%

2. The determination of the weights of the instruments representing the various asset classes is done based on a review of the relative market capitalization of certain benchmark indices as of the rebalancing reference date. These indices are represented in the table below.

Asset Class	Reference Index	Target Risk Index Constituent
Equity	S&P 500 <sup>®</sup>	iShares Core S&P 500 ETF
	S&P MidCap 400 <sup>®</sup>	iShares Core S&P Mid-Cap ETF
	S&P SmallCap 600 <sup>®</sup>	iShares Core S&P Small-Cap ETF
	S&P Developed Ex-U.S. BMI <sup>1</sup>	iShares Core MSCI Intl Developed Markets ETF
	S&P Emerging BMI <sup>1</sup>	iShares Core MSCI Emerging Markets ETF
Fixed Income	<i>See step (d) below</i>	iShares Core Total USD Bond Market ETF
		iShares Core International Aggregate Bond ETF

The following steps are then taken to determine weights for each constituent:

- a. The float-adjusted market capitalization (FMC) of the U.S. dollar versions of the S&P Developed BMI and S&P Emerging BMI are used to determine the relative weighting of the developed and emerging market allocations to the equity sleeve of each index.
- b. Within developed markets, the relative weighting of the U.S. market is determined based on the relative proportions of the FMC of the U.S. dollar versions of the S&P United States BMI, and S&P Developed Ex-U.S. BMI within the S&P Developed BMI.
- c. The weight of the U.S. market determined in step (b) is split among the capitalization sizes (large, mid, and small) in relative proportion of the FMC of the S&P 500, S&P MidCap 400, and S&P SmallCap 600.
- d. Finally, 85% of the total fixed income allocation within each index is allocated to the iShares Core Total USD Bond Market ETF (IUSB) with the remaining 15% allocated to the iShares Core International Aggregate Bond ETF (IAGG).

<sup>1</sup> U.S. dollar version.

# Index Maintenance

## Rebalancing

Rebalancing Schedule	
Rebalancing Frequency	Semi-Annual
Rebalancing Date	Last Business Day of April & October ( <i>T</i> )
Announcement Date	<i>T</i> minus 5
Rebalancing Data Date	Last Business Day of March & September
Rebalancing Date for Pricing	<i>T</i> minus 5

As part of the rebalancing process, the weights of the various asset class components are determined based on the asset class weights in the benchmarks as described in *Index Construction*.

Index constituents are not expected to change between rebalancing periods. If, for any reason beyond S&P Dow Jones Indices' control, a constituent is discontinued, or substantially changed in terms of its investment mandate, the Index Committee may elect to discontinue representation of the affected asset class within the index series or designate a replacement fund.

**Additions.** ETFs may be added to the index series to improve its overall representation or investability during the rebalancing period. Other additions, such as those made to replace deleted constituents, may be undertaken in between rebalancing intervals at S&P Dow Jones Indices' discretion.

**Deletions.** An ETF may be removed from the index series, at S&P Dow Jones Indices' discretion, if it fails to offer acceptable tracking of its benchmark, if for any other reason it ceases to function as a reasonable proxy for its benchmark, or in the event of a material event that impairs the operating ability of the fund or its management company.

## Corporate Actions

Corporate Action	Adjustment Made to Index	Divisor Adjustment?
ETF Share Split	Index shares are multiplied by and price is divided by the split factor.	No
Special Dividends	The price of the ETF making the special dividend is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date.	Yes
Delisting	The delisted ETF is removed from the index.	Yes

*For more information, please refer to the Non-Market Capitalization Indices section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

## Currency of Calculation and Additional Index Return Series

The indices are calculated in U.S. dollars.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to: currency, currency hedged, decrement, fair value, inverse, leveraged, and risk control versions. For a list of available indices, please refer to the [S&P DJI Methodology & Regulatory Status Database](#).

*For information on the calculation of different types of indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

*For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/).*

## Base Dates and History Availability

Index history availability, base dates, and base values are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P Target Risk Conservative Index	09/25/2008	12/31/2000	01/31/2007	100
S&P Target Risk Moderate Index	09/25/2008	12/31/2000	01/31/2007	100
S&P Target Risk Growth Index	09/25/2008	12/31/2000	01/31/2007	100
S&P Target Risk Aggressive Index	09/25/2008	12/31/2000	01/31/2007	100

All information presented prior to the index launch date is back-tested. The back-tested calculations are based on the same methodology that was in effect on the index launch date.



# Index Data

## Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Gross Total Return (Gross TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes while applying a fixed fee reduction. A fixed fee reduction multiplies the index level by a daily portion of an annual fee with no regard for day counts.

For a complete list of indices available, please refer to the daily index levels file (“.SDL”).

*For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.*

*For more information on the calculation of return types, please refer to S&P Dow Jones Indices’ Index Mathematics Methodology.*

# Index Governance

## Index Committee

An Index Committee maintains the index series. The Committee meets regularly. All committee members are full-time professional members of S&P Dow Jones Indices' staff. At each meeting, the Committee reviews matters that may affect index constituents, statistics comparing the composition of the indices to the market, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting constituents, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

*For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

# Index Policy

## **Holiday Schedule**

The index series is calculated on all U.S. business days.

A complete holiday schedule for the year is available at [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/).

## **Rebalancing**

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

## **Unexpected Exchange Closures**

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

## **Recalculation Policy**

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

*For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

## **Contact Information**

For questions regarding an index, please contact: [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

# Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/), major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

## Tickers

The table below lists headline indices covered by this document. All versions of the below indices that may exist are also covered by this document. Please refer to the [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

Index	BBG		RIC	
	Price Return	Total Return	Price Return	Total Return
S&P Target Risk Conservative Index	SPTGCU	SPTGCUT	.SPTGCU	.SPTGCUT
S&P Target Risk Moderate Index	SPTGMU	SPTGMUT	.SPTGMU	.SPTGMUT
S&P Target Risk Growth Index	SPTGGU	SPTGGUT	.SPTGGU	.SPTGGUT
S&P Target Risk Aggressive Index	SPTGAU	SPTGAUT	.SPTGAU	.SPTGAUT

## Index Data

Daily constituent and index level data are available via subscription.

For product information, please contact S&P Dow Jones Indices, [www.spglobal.com/spdji/en/contact-us](http://www.spglobal.com/spdji/en/contact-us).

## Web site

For further information, please refer to S&P Dow Jones Indices' Web site at [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/).

# Appendix I

## Methodology Changes

Methodology changes since January 1, 2015 are as follows:

Change	Effective Date (After Close)	Previous	Methodology Updated
Rebalancing Frequency	10/31/2017	The index series is rebalanced annually after the market close on the last business day of October. Reference data used in the rebalancing is as of the last business day of September.	The index series is rebalanced semi-annually after the market close on the last business day of April and October. Reference data used in the rebalancing is as of the last business day of March and September, respectively.
Eligible Equities – Developed Markets Asset Classes	10/31/2017	<ol style="list-style-type: none"> <li>1. U.S. LargeCap</li> <li>2. U.S. MidCap</li> <li>3. U.S. SmallCap</li> <li>4. Asia Pacific</li> <li>5. Europe</li> </ol>	<ol style="list-style-type: none"> <li>1. U.S. LargeCap</li> <li>2. U.S. MidCap</li> <li>3. U.S. SmallCap</li> <li>4. Developed Ex-U.S.</li> </ol>
Eligible Fixed Income Asset Classes	10/31/2017	<ol style="list-style-type: none"> <li>1. Broad Market</li> <li>2. U.S. Treasuries</li> <li>3. U.S. Investment Grade Corporates</li> <li>4. International Aggregate Bonds</li> </ol>	<ol style="list-style-type: none"> <li>1. Broad Market</li> <li>2. International Aggregate Bonds</li> </ol>
Eligible Fixed Income Asset Classes	01/29/2016	<ol style="list-style-type: none"> <li>1. Broad Market</li> <li>2. U.S. Treasuries</li> <li>3. U.S. Investment Grade Corporates</li> </ol>	<ol style="list-style-type: none"> <li>1. Broad Market</li> <li>2. U.S. Treasuries</li> <li>3. U.S. Investment Grade Corporates</li> <li>4. International Aggregate Bonds</li> </ol>
Weight Allocations	01/29/2016	Weights of the sub-indices within the fixed income sleeve are determined based on the relative weights of the S&P U.S. Aggregate Bond Index, S&P U.S. Treasury Bond Index, and S&P U.S. Investment Grade Corporate Bond Index.	85% of the total fixed income allocation within each index is allocated to the iShares Core Total USD Bond Market ETF (IUSB) with the remaining 15% allocated to the iShares Core International Aggregate Bond ETF (IAGG).

# Appendix II

## ESG Disclosures

<b>EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL &amp; GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY<sup>2</sup></b>		
1.	<b>Name of the benchmark administrator.</b>	S&P Dow Jones Indices LLC.
2.	<b>Underlying asset class of the ESG benchmark.<sup>3</sup></b>	N/A
3.	<b>Name of the S&amp;P Dow Jones Indices benchmark or family of benchmarks.</b>	<a href="#">S&amp;P DJI Multi-Asset Indices Benchmark Statement</a>
4.	<b>Do any of the indices maintained by this methodology take into account ESG factors?</b>	No
<b>Appendix latest update:</b>		January 2021
<b>Appendix first publication:</b>		January 2021

<sup>2</sup> The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology and the retained EU law in the UK [The Benchmarks (amendment and Transitional Provision) (EU Exit) Regulations 2019].

<sup>3</sup> The 'underlying assets' are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

# Disclaimer

## Performance Disclosure/Back-Tested Data

Where applicable, S&P Dow Jones Indices and its index-related affiliates (“S&P DJI”) defines various dates to assist our clients by 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 DJI 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.

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.

Information presented prior to an index’s launch date is hypothetical back-tested performance, not actual performance, and is based on the index methodology in effect on the 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. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. 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.

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 certain 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 DJI maintains the index and calculates the index levels and performance shown or discussed but does not manage any 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).

### **Intellectual Property Notices/Disclaimer**

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