

Description

The S&P Economic Cycle Factor Rotator Index seeks to rotate its investment strategy across four distinct strategies based on the most recent economic data from the Chicago Fed National Activity Index, with a target volatility of 6%.

Index Attributes

Empirical evidence suggests that factor returns have been highly cyclical and sensitive to macroeconomic conditions historically. In addition, different factors might outperform their market-cap-weighted benchmarks during different macroeconomic conditions. The S&P Economic Cycle Factor Rotator Index seeks to measure one single factor at each point in time, according to the trend and strength of economic activity, as measured by the Chicago Fed National Activity Index, a coincident indicator. It aims to offer a way to express views for more tactically oriented investors by taking advantage of the cyclical nature and distinct behavior of individual factors.

Methodology Construction

- **Universe.** The indices included in the strategies are the S&P Momentum United States Daily Risk Control 6% Excess Return Index, S&P 500 Pure Value Daily Risk Control 6% Excess Return Index, S&P 500 Buyback FCF Daily Risk Control 6% Excess Return Index, and S&P 500 Low Volatility High Dividend Daily Risk Control 6% Excess Return Index. When constructing the four risk control subindices, the cash bond index was used rather than the bond futures index. The cash bond index was represented by the S&P U.S. Treasury Bond 5-7 Year Excess Return Index.
- **Allocation Algorithm.** For each month, k , we calculate the three-month average of CFNAI and the change of CFNAI over three months.
 - If $3M\text{ Average}(k) \geq 0$ and $3M\text{ Change}(k) \geq 0$, then Equity Allocated Index (k) is Momentum
 - If $3M\text{ Average}(k) < 0$ and $3M\text{ Change}(k) \geq 0$, then Equity Allocated Index (k) is Value
 - If $3M\text{ Average}(k) \geq 0$ and $3M\text{ Change}(k) < 0$, then Equity Allocated Index (k) is Buyback
 - If $3M\text{ Average}(k) < 0$ and $3M\text{ Change}(k) < 0$
 - and $3M\text{ Average}(k-1) < 0$ and $3M\text{ Change}(k-1) \geq 0$, then Equity Allocated Index (k) is Value;
 - else, Equity Allocated Index (k) is Low Vol High Dividend
- **Rotation Schedule.** The signal for which strategy will be used the following month will be announced three days prior to the end of the month and implemented on the first business day of the following month.

Quick Facts

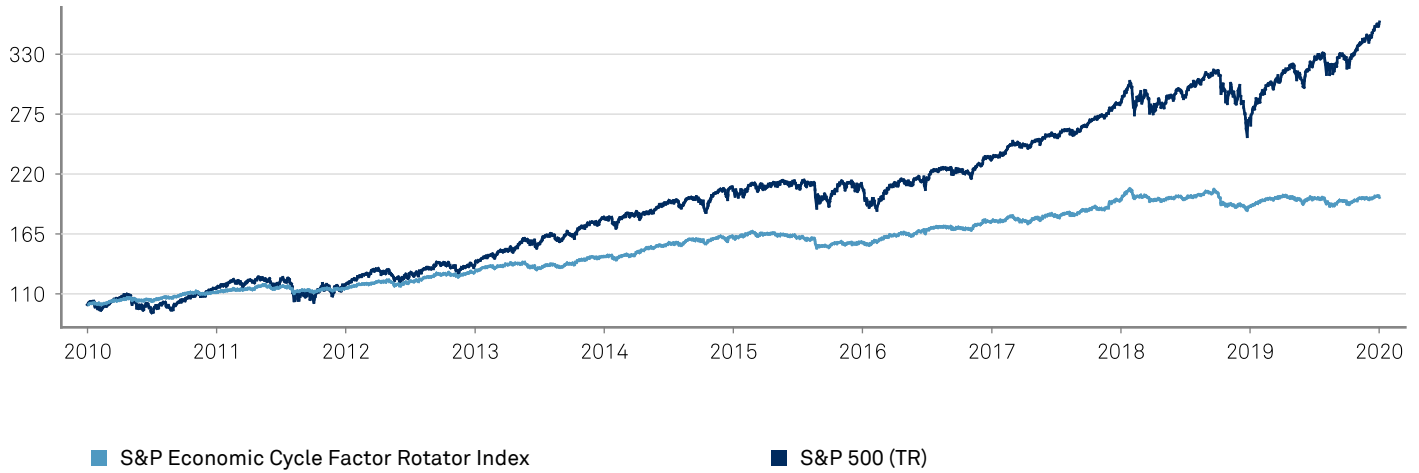
WEIGHTING METHOD	N/A
REBALANCING FREQUENCY	Monthly
CALCULATION FREQUENCY	End of day
CALCULATION CURRENCIES	USD
LAUNCH DATE	August 16, 2016
FIRST VALUE DATE	August 1, 1995

For more information, including the complete methodology document, please visit:
<https://www.spindices.com/indices/strategy/sp-economic-cycle-factor-rotator-index>

All information for an index prior to its Launch Date is back-tested, based on the methodology that was in effect on the Launch Date. Back-tested performance, which is hypothetical and not actual performance, is subject to inherent limitations because it reflects application of an Index methodology and selection of index constituents in hindsight. No theoretical approach can take into account all of the factors in the markets in general and the impact of decisions that might have been made during the actual operation of an index. Actual returns may differ from, and be lower than, back-tested returns.

Historical Performance

* Data has been re-based at 100



Performance

INDEX LEVEL	RETURNS			ANNUALIZED RETURNS			
	1 MO	3 MOS	YTD	1 YR	3 YRS	5 YRS	10 YRS
EXCESS RETURNS							
505.74	1.54%	3.03%	7.05%	7.05%	5.74%	5.73%	8.52%
PRICE RETURNS							
398.73	1.16%	2.41%	5.03%	5.03%	4.35%	4.37%	7.2%
BENCHMARK* TOTAL RETURNS							
6,553.57	3.02%	9.07%	31.49%	31.49%	15.27%	11.7%	13.56%
BENCHMARK* PRICE RETURNS							
3,230.78	2.86%	8.53%	28.88%	28.88%	13%	9.43%	11.22%
BENCHMARK* NET TOTAL RETURNS							
5,805.15	2.97%	8.91%	30.7%	30.7%	14.59%	11.01%	12.85%

* The index benchmark is the S&P 500

Calendar Year Performance

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
EXCESS RETURNS										
	7.05%	-1.95%	12.65%	13.58%	-1.62%	13.12%	11.91%	14.68%	4.33%	13.14%
PRICE RETURNS										
	5.03%	-2.51%	10.99%	12.11%	-2.81%	11.82%	10.89%	13.35%	3.16%	11.63%
BENCHMARK* TOTAL RETURNS										
	31.49%	-4.38%	21.83%	11.96%	1.38%	13.69%	32.39%	16%	2.11%	15.06%
BENCHMARK* PRICE RETURNS										
	28.88%	-6.24%	19.42%	9.54%	-0.73%	11.39%	29.6%	13.41%	0%	12.78%
BENCHMARK* NET TOTAL RETURNS										
	30.7%	-4.94%	21.1%	11.23%	0.75%	12.99%	31.55%	15.22%	1.47%	14.37%

* The index benchmark is the S&P 500

Tickers

	TICKER	REUTERS
EXCESS RETURNS	SPECFRT	.SPECFRT
PRICE RETURNS	SPECFR6P	.SPECFR6P

CONTACT US

spdji.com

index_services@spglobal.com

S&P Dow Jones Custom Indices

customindices@spglobal.com

New York

1 212 438 7354

1 877 325 5415

Mexico City

52 (55) 1037 5290

London

44 207 176 8888

Dubai

971 (0)4 371 7131

Mumbai

91-22-2272-5312

Beijing

86.10.6569.2770

Hong Kong

852 2532 8000

Tokyo

81 3 4550 8564

Sydney

61 2 9255 9802

DISCLAIMER

Source: S&P Dow Jones Indices LLC.

The launch date of the S&P Economic Cycle Factor Rotator Index was August 16, 2016. The launch date of the S&P 500 was March 4, 1957.

All information presented prior to the index launch date is back-tested. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index was officially launched. Past performance is not an indication or guarantee of future results. Please see the Performance Disclosure at <http://www.spindices.com/regulatory-affairs-disclaimers/> for more information regarding the inherent limitations associated with back-tested performance.

Copyright © 2020 S&P Dow Jones Indices LLC. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission. STANDARD & POOR'S and S&P are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); DOW JONES is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by S&P Dow Jones Indices LLC. S&P Dow Jones Indices LLC, Dow Jones, S&P and their respective affiliates ("S&P Dow Jones Indices") and third party licensors makes no representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and S&P Dow Jones Indices and its third party licensors shall have no liability for any errors, omissions, or interruptions of any index or the data included therein. Past performance of an index is not an indication or guarantee of future results. This document does not constitute an offer of any services. Except for certain custom index calculation services, all information provided by S&P Dow Jones Indices is general in nature and not tailored to the needs of any person, entity or group of persons. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties and providing custom calculation services. It is not possible to invest directly in an index. Exposure to an asset class represented by an index may be available through investable instruments offered by third parties that are based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote or manage any investment fund or other investment product or vehicle that seeks to provide an investment return based on the performance of any Index. S&P Dow Jones Indices LLC is not an investment or tax advisor. S&P Dow Jones Indices makes no representation regarding the advisability of investing in any such investment fund or other investment product or vehicle. A tax advisor should be consulted to evaluate the impact of any tax-exempt securities on portfolios and the tax consequences of making any particular investment decision. Credit-related information and other analyses, including ratings, are generally provided by licensors and/or affiliates of S&P Dow Jones Indices. Any credit-related information and other related analyses and statements are opinions as of the date they are expressed and are not statements of fact. S&P Dow Jones Indices LLC is analytically separate and independent from any other analytical department. For more information on any of our indices please visit www.spdji.com.