

Incorporating a Minimum Variance Framework into Risk Control 2

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INTRODUCTION

In this paper, we introduce the new [S&P 500® Futures Daily Risk Control 5% Index](#) (the Risk Control 2 Minimum Variance), which is the latest enhancement to S&P DJI's Risk Control 1 (RC 1) and Risk Control 2 (RC 2), and a variation on our existing standard RC 2 methodology.¹

Our risk control techniques began with RC 1, which allocates to equity and cash to achieve a target volatility. RC 2 then introduced fixed income as another asset class and allocates between an equity and liquid bond index to target a specific volatility. The bond sleeve in RC 2 is generally a risk reduction tool. However, in volatile periods when no suitable combination of equity and fixed income is able to attain the target volatility, RC 2 rotates its bond sleeve completely to cash, thereby defaulting to RC 1.

In this new index, we take RC 2 a step further, to RC 2 Minimum Variance. We allocate to equity and bonds like RC 2; however, unlike RC 2, we introduce cash as an extra alternative rather than a complete swap when underlying volatility picks up.

Exhibit 1: S&P DJI's Suite of Risk Control Approaches

APPROACH	SCENARIO	ALLOCATION
Risk Control 1	Risk On	Equity-Cash
	Risk Off	Equity-Cash
Risk Control 2	Risk On	Equity-Bonds
	Risk Off	Equity-Cash
Risk Control 2 Minimum Variance	Risk On	Equity-Bonds
	Risk Off	Equity-Bonds-Cash

Source: S&P Dow Jones Indices LLC. Table is provided for illustrative purposes.

¹ The hypothetical portfolios follow the standard S&P DJI Risk Control 1 and 2 methodology, using the same inputs as the S&P 500 Futures Daily Risk Control 5% Index outlined in the Index Components and Characteristics section. Henceforth, we will use RC 1 to refer to the hypothetical S&P 500 Futures Risk Control 1 5%, RC 2 to refer to the hypothetical S&P 500 Futures Risk Control 2 5%, and RC 2 Minimum Variance to refer to the S&P 500 Futures Daily Risk Control 5% Index.

WHY A NEWER VERSION OF RC 2?

S&P DJI introduced the Risk Control 2 Minimum Variance, a new strategy to join Risk Control 1 and 2 approaches.

Though RC 2 takes the RC 1 approach a notch higher by introducing bonds, it still has one shortcoming. In instances when the volatility target is relatively too low (i.e., during periods of sell-off), the bond sleeve of RC 2 switches completely to cash.

While allocating to cash reduces index volatility, thus bringing it in line with the target, this comes at a cost of higher turnover resulting from this bond-to-cash swap. Our new optimized approach addresses this problem through its innovative technique and significantly reduces turnover.

HOW THE INDEX WORKS

Index Approach

While RC 2 took RC 1 a notch higher by introducing bonds, when the volatility target is relatively too low, the bond sleeve switches to cash.

The RC 2 framework's objective is to find a suitable combination for equity and fixed income weights to reach a target volatility (σ_{Target}). If we assume the portfolio variance has no real solution for an equity index and its corresponding bond index, we can find a closed solution for minimum weights, instead of defaulting to RC 1.

If such a solution exists, it means that the minimum volatility achievable must be below the target volatility. In the case when the target volatility is not achievable, the minimum volatility must be higher than the target volatility. Therefore, the allocation to each asset class can be rescaled to reach the target volatility but, in doing so, a cash position is required. The S&P 500 Futures Daily Risk Control 5% Index uses this alternative approach, RC 2 Minimum Variance.

RC 2 Minimum Variance addresses this problem through its innovative technique and significantly reduces turnover.

Let us define a function $f(x)$ that represents the index portfolio variance, where x is the risky asset 1 weight (note that the election of the risky asset does not affect the solution):

$$f(x) = x^2 \sigma_1^2 + (1 - x)^2 \sigma_2^2 + 2x(1 - x)\rho\sigma_1\sigma_2,$$

where σ_i is the volatility of risky asset i , and ρ is the correlation. By differentiating function f , we get:

$$\frac{df}{dx} = 2x(\sigma_1^2 + \sigma_2^2 - 2\rho\sigma_1\sigma_2) + 2\rho\sigma_1\sigma_2 - 2\sigma_2^2.$$

By equating the first derivative to zero, we obtain:

$$x^* = \frac{\sigma_2^2 - \rho\sigma_1\sigma_2}{\sigma_1^2 + \sigma_2^2 - 2\rho\sigma_1\sigma_2}.$$

To determine if this is a local minimum or maximum, the second order derivative must be calculated:

If we assume the portfolio variance has no real solution for the equity and bond indices, we can find a closed solution for minimum weights, instead of defaulting to RC 1.

$$\frac{d^2 f}{dx^2} = 2(\sigma_1^2 + \sigma_2^2 - 2\rho\sigma_1\sigma_2) \geq 2(\sigma_1 - \sigma_2)^2.$$

The right side of the inequality is always greater than or equal to zero, so x^* is a local minimum. It is not hard to see that the first derivative as a function of x is a monotonically increasing function; hence, the portfolio index variance is a convex function. The main consequence is that x^* is a global minimum for all x in $0 \leq x \leq 1$.

Given that the risky asset weights must sum to 1, the minimum portfolio index variance weights are:

$$x_1^{Min} = \frac{\sigma_2^2 - \rho\sigma_1\sigma_2}{\sigma_1^2 + \sigma_2^2 - 2\rho\sigma_1\sigma_2}$$

$$x_2^{Min} = 1 - x_1^{Min}.$$

If such a solution exists, it means that the minimum volatility must be below the target and when the target volatility is not achievable, the minimum must be higher than the target volatility.

However, portfolio index volatility is still higher than the target volatility if we use the minimum weights. Hence, risky asset weights are rescaled by multiplying each one to a scalar factor $\theta < 1$ to reach the target volatility, defined as:

$$\theta = \frac{\sigma_{Target}}{\sigma_{Min}}.$$

Then, the weight of risky asset i is:

$$x_i = \theta x_i^{Min}.$$

To get 100% allocation, the cash position is:

$$x_{Cash} = 1 - (x_1 + x_2).$$

Therefore, the allocation to each asset class can be rescaled to reach the target volatility but, in doing so, a cash position is required.

Index Components and Characteristics

For RC 2 Minimum Variance, the underlying index components are:

- [S&P 500 Futures Index \(ER\)](#) as the equity component;
- [S&P 10-Year U.S. Treasury Note Futures Index \(ER\)](#) as the fixed income component; and
- Cash constituent.

As explained in the introduction, the index can allocate to the three underlying components simultaneously. The index parameters are:

The Risk Control 2 Minimum Variance consists of three components: the S&P 500 Futures, S&P 10-Year U.S. Treasury Note Futures Index, and cash.

- Target volatility of 5%;
- The Overnight USD LIBOR as the interest rate;
- Short-term volatility decay factor of 94%;
- Long-term volatility decay factor of 97%; and
- Daily limit allocation change of 15% for the equity and fixed income component.

The resulting index is an excess return version. However, note that by adding back the accrued interest to the excess returns, it will be a total return index.

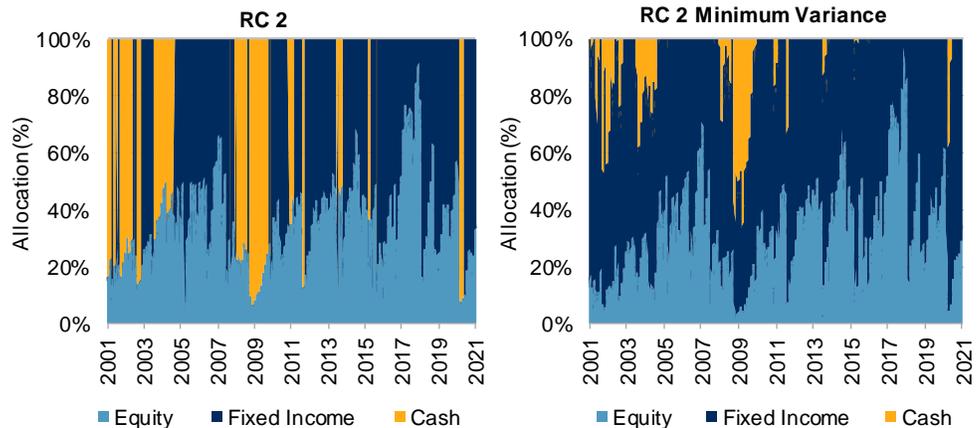
Turnover Comparison

As previously stated, one of the limitations of the RC 2 strategy is the high turnover due to the strong shift between the fixed income and cash components in situations when the strategy cannot reach the target volatility. Exhibit 1 shows the historical allocations for the RC 2 and RC 2 Minimum Variance strategies, and we can see that one of the main differences is the presence of three underlying components for the latter instead of only two at a time in the former.

One of the main differences between the RC2 and RC 2 Minimum Variance strategies is the presence of three underlying components for the latter, rather than two for the former.

In addition, each component gradually increases or decreases instead of completely changing from one day to the next. In highly volatile periods, like the Global Financial Crisis or the start of the COVID-19 pandemic, this effect was exacerbated. While the turnover reduction is enhanced by the requirement of 15% daily limit allocation change, RC 2 Minimum Variance reduces turnover without it.

Exhibit 1: Historical Asset Allocation for RC 2 and RC 2 Minimum Variance



Additionally, each component gradually increases or decreases instead of completely changing from one day to the next, resulting in lower turnover.

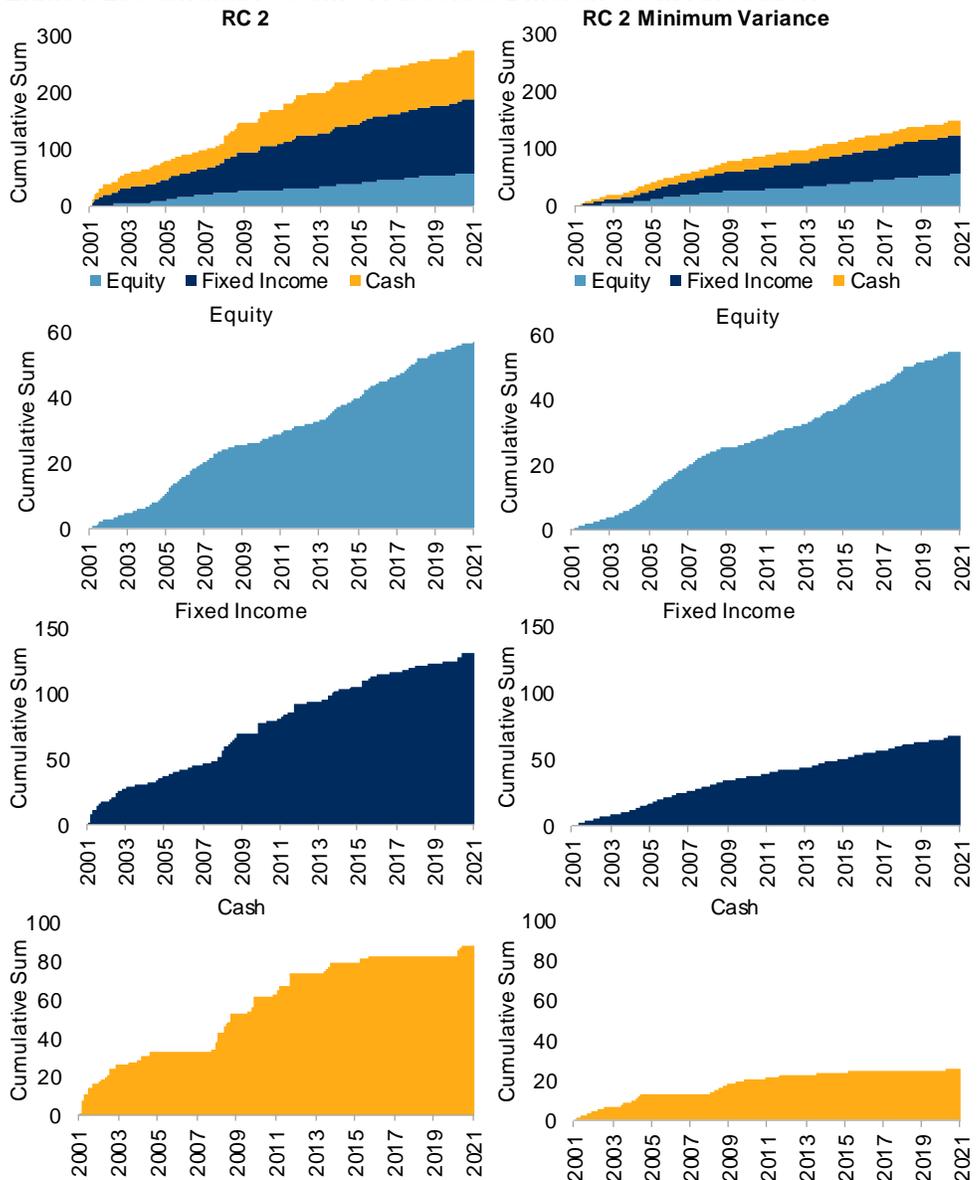
RC 2 is a hypothetical portfolio and RC 2 Minimum Variance represents the S&P 500 Futures Daily Risk Control 5% Index.

Source: S&P Dow Jones Indices LLC. Data from Jan. 2, 2001, to Jan. 29, 2021. Charts are provided for illustrative purposes and reflect 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.

On average, the equity allocation was similar for both approaches...

On average, the equity allocation was similar for both approaches (36.4% in RC 2 and 33.5% in RC 2 Minimum Variance), while the fixed income allocation increased (from 45.1% in RC 2 to 60.8% in RC 2 Minimum Variance), and the cash allocation decreased (18.4% in RC 2 to 5.7% in RC 2 Minimum Variance). Further, we can see a significant reduction in trading volume if we calculate the cumulative sum of absolute daily differences in allocation for each underlying component (see Exhibit 2). As expected, the equity component changed slightly, and the main differences came from the fixed income and cash components.

Exhibit 2: Cumulative Sum of Absolute Differences in Allocation



...while the fixed income allocation increased and the cash allocation decreased with the minimum variance strategy.

Further, we can see a significant reduction in trading volume if we calculate the cumulative sum of absolute daily differences in allocation for each underlying component.

RC 2 is a hypothetical portfolio and RC 2 Minimum Variance represents the S&P 500 Futures Daily Risk Control 5% Index.

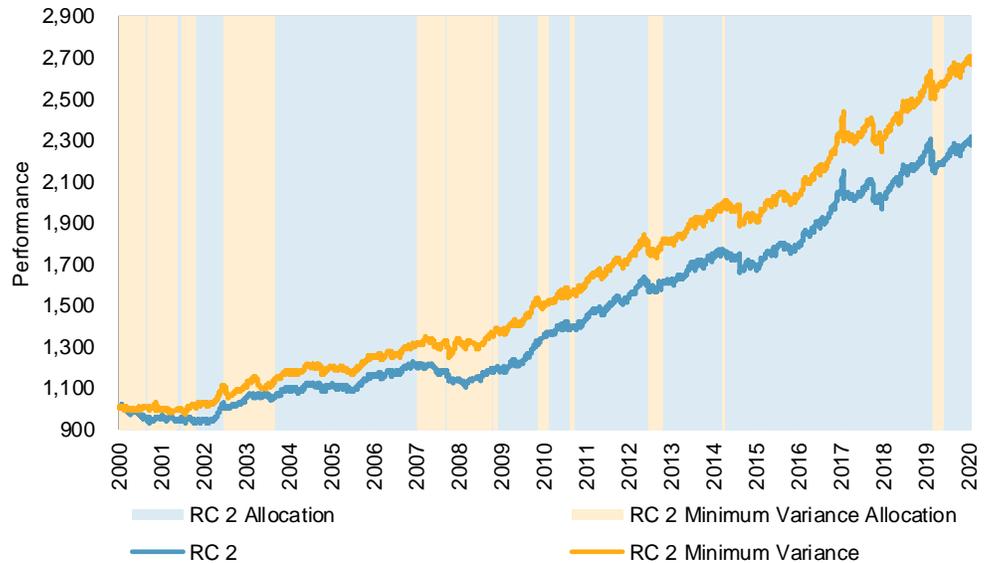
Source: S&P Dow Jones Indices LLC. Data from Jan. 2, 2001, to Jan. 29, 2021. Charts are provided for illustrative purposes and reflect hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Maintaining target volatility for RC 2 can be challenging during volatile periods, leading to the bond sleeve rotating to cash and thus generating more turnover.

Maintaining target volatility under the RC 2 framework can be challenging during volatile periods for equities and bonds, leading to the bond sleeve rotating to cash and thus generating more turnover.

Exhibit 3 shows how the two approaches differed. The majority of the time, the two approaches had the exact same allocation, but not during sell-off periods.

Exhibit 3: Historical Shifts between RC 2 and RC 2 Minimum Variance



RC 2 is a hypothetical portfolio and RC 2 Minimum Variance represents the S&P 500 Futures Daily Risk Control 5% Index.

Source: S&P Dow Jones Indices LLC. Data from Jan. 2, 2001, to Jan. 29, 2021. Index performance based on excess returns in USD. Chart 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.

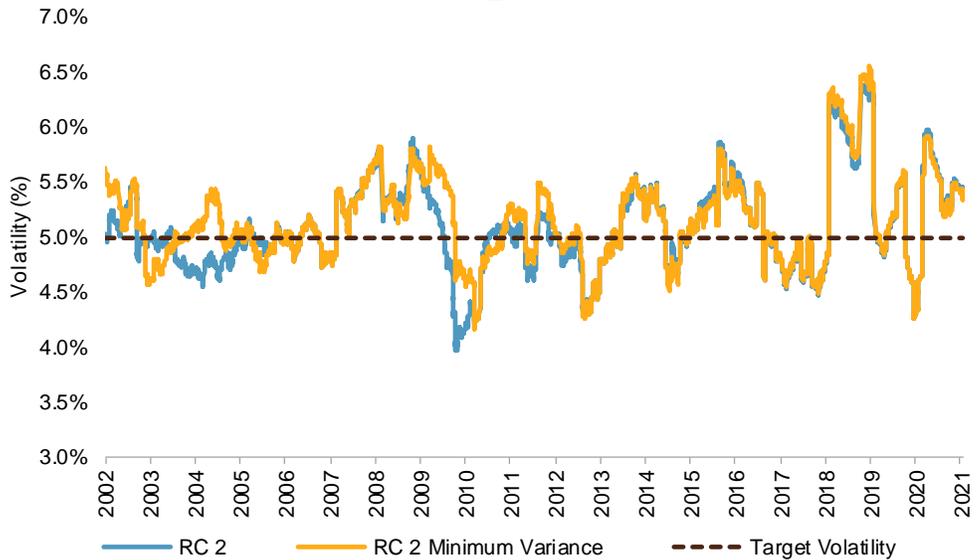
Though a majority of the time, the two approaches had the exact same allocation, they differed during sell-off periods.

In periods when the strategies differ, the annualized rolling volatility deviated between models but was still close to the desired target volatility level of 5%. These variations can be seen most clearly after the Tech Bubble (early 2000s), the Energy Crisis (starting 2003), and the Global Financial Crisis (starting 2007) in Exhibit 4.

On average, RC 2 had a 5.1% rolling volatility, similar to the 5.2% rolling volatility of RC 2 Minimum Variance. However, RC 2 Minimum Variance consistently maintained a lower turnover by reducing allocations gradually instead of completely shifting from fixed income to cash or vice versa.

In periods of high volatility such as the Global Financial Crisis (2007), the annualized rolling volatilities deviated between models but was still close to the desired target volatility of 5%.

Exhibit 4: Historical Annualized Rolling Volatilities



On average, RC 2 had a 5.1% rolling volatility, similar to the 5.2% rolling volatility of RC 2 Minimum Variance.

RC 2 is a hypothetical portfolio and RC 2 Minimum Variance represents the S&P 500 Futures Daily Risk Control 5% Index.

Source: S&P Dow Jones Indices LLC. Data from Jan. 3, 2002, to Jan. 29, 2021. Volatility is calculated as the standard deviation of daily excess returns over the previous 252 trading days that is annualized. Chart 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.

Index Performance

RC 2 Minimum Variance historically showed more stable volatility control, lower drawdowns, and better risk-adjusted performance than the other risk control strategies. Like the risk control framework, the index provided downside protection and upside participation.

Downside Protection and Upside Participation

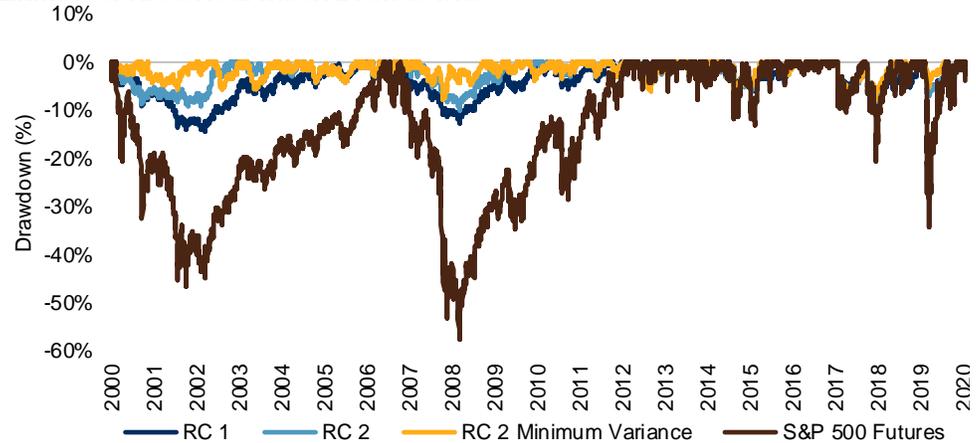
Focusing on the three worst drawdowns of the S&P 500 Futures in its recent history (i.e., the Global Financial Crisis, the Tech Bubble and the start of the COVID-19 pandemic), we analyzed the behavior of the RC 1, RC 2, and RC 2 Minimum Variance strategies. Not only did RC 2 Minimum Variance beat the benchmark but its peers as well (see Exhibits 5 and 6).

RC 2 Minimum Variance historically showed more stable volatility control, lower drawdowns, and better risk-adjusted performance than the other risk control strategies.

- **Global Financial Crisis:** The benchmark drawdown was -57.57%, while RC 2 Minimum Variance declined a mere 0.30%, with an excess of 57.27% and a peak-to-recovery return of 34.36%.
- **Tech Bubble:** The benchmark drawdown was -46.44%, whereas RC 2 Minimum Variance only declined 6 bps, with an excess of 46.38% and a peak-to-recovery return of 25.69%.
- **Start of the COVID-19 Pandemic:** The benchmark drawdown was -34.15%, while RC 2 Minimum Variance only declined only 3.99%, with an excess of 30.16% and a peak-to-recovery return of 0.02%.

Focusing on the three worst drawdowns of the S&P 500 Futures, we analyzed the behavior of the RC 1, RC 2, and RC 2 Minimum Variance strategies.

Exhibit 5: Historical Index Drawdowns



RC 1 and RC 2 are hypothetical portfolios and RC 2 Minimum Variance represents the S&P 500 Futures Daily Risk Control 5% Index.

Source: S&P Dow Jones Indices LLC. Data from Dec. 29, 2000, to Jan. 29, 2021. Index performance based on excess returns in USD. Past performance is no guarantee of future results. Drawdown is calculated as cumulative return since the most recent high-water mark. Chart 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.

Not only did RC 2 Minimum Variance beat the benchmark but its peers as well.

Exhibit 6: Three Worst Drawdown Periods of the S&P 500 Futures

METRIC	THREE WORST DRAWDOWN PERIODS		
	FIRST: GLOBAL FINANCIAL CRISIS	SECOND: TECH BUBBLE	THIRD: COVID-19 PANDEMIC
PERIOD			
Peak Date	Oct. 9, 2007	Feb. 1, 2001	Feb. 19, 2020
Trough Date	March 9, 2009	Oct. 9, 2002	March 23, 2020
Recovery Date	Jan. 22, 2013	June 1, 2007	Aug. 12, 2020
S&P 500 FUTURES (BENCHMARK)			
Return (%)	-57.57	-46.44	-34.15
RC 1			
Return (%)	-12.16	-14.03	-6.80
Versus Benchmark (%)	45.41	32.41	27.35
Peak-to-Recovery Return (%)	5.24	4.70	-2.73
RC 2			
Return (%)	-8.27	-8.59	-6.85
Versus Benchmark (%)	49.30	37.85	27.31
Peak-to-Recovery Return (%)	29.20	15.90	-2.41
RC 2 MINIMUM VARIANCE			
Return (%)	-0.30	-0.06	-3.99
Versus Benchmark (%)	57.27	46.38	30.16
Peak-to-Recovery Return (%)	34.36	25.69	0.02

RC 1 and RC 2 are hypothetical portfolios and RC 2 Minimum Variance represents the S&P 500 Futures Daily Risk Control 5% Index.

Source: S&P Dow Jones Indices LLC. Data from Dec. 29, 2000, to Jan. 29, 2021. Index performance based on excess returns in USD. 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.

During the Global Financial Crisis, the benchmark drawdown was -57.57%, while RC 2 Minimum Variance declined a mere 0.30%.

Both RC 2 and RC 2 Minimum Variance provided at least a 90% outperformance rate in down markets without losing participation in up markets.

RC 2 and RC 2 Minimum Variance offered similar outperformance rates in up and down markets, as expected. Both indices provided at least a 90% outperformance rate in down markets without losing participation in up markets, with 7.6% and 10.0% outperformance rates for RC 2 and RC 2 Minimum Variance, respectively. Over all periods, the outperformance rates and average daily excess returns of RC 2 Minimum Variance were slightly higher than the other strategies as shown in Exhibit 7.

Exhibit 7: Performance in Up and Down Markets

METRIC	UP MARKETS	DOWN MARKETS	ALL PERIODS
RC 1			
Average Daily Excess Return (%)	-0.545	0.619	-0.019
Outperformance Rate (%)	0.000	100.000	45.157
RC 2			
Average Daily Excess Return (%)	-0.568	0.664	-0.011
Outperformance Rate (%)	7.569	92.007	46.280
RC 2 MINIMUM VARIANCE			
Average Daily Excess Return (%)	-0.600	0.711	-0.008
Outperformance Rate (%)	10.055	90.098	46.922

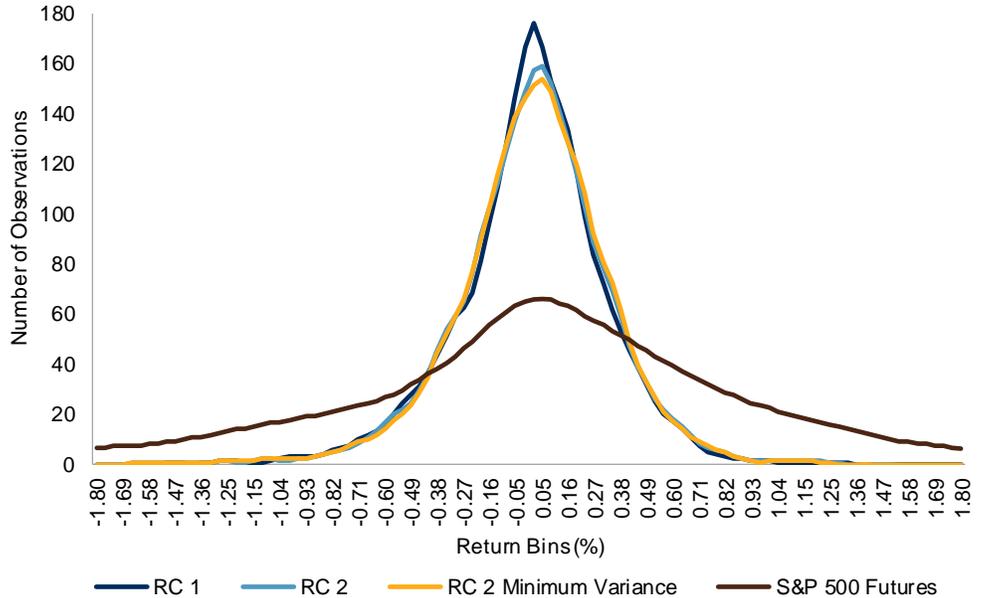
Over all periods, the outperformance rates and average daily excess returns of RC 2 Minimum Variance were slightly higher than the other strategies.

RC 1 and RC 2 are hypothetical portfolios and RC 2 Minimum Variance represents the S&P 500 Futures Daily Risk Control 5% Index. Source: S&P Dow Jones Indices LLC. Data from Dec. 29, 2000, to Jan. 29, 2021. Index performance based on excess returns in USD. 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.

Exhibit 8 shows the return distribution of the S&P 500 Futures, RC 1, RC 2, and RC 2 Minimum Variance. The presence of fat tails in the S&P 500 Futures return distribution is expected; however, we can see that each of the risk control indices addresses this issue by effectively managing volatility. Moreover, historically, the RC 2 alternatives have lower peaks around the mean and have a slight left skew, meaning a slightly higher probability of delivering positive returns.

The presence of fat tails in the S&P 500 Futures return distribution is expected...

Exhibit 8: Return Distributions



...however, we can see that each of the risk control indices addresses this issue by effectively managing volatility.

RC 1 and RC 2 are hypothetical portfolios and RC 2 Minimum Variance represents the S&P 500 Futures Daily Risk Control 5% Index.
 Source: S&P Dow Jones Indices LLC. Data from Dec. 29, 2000, to Jan. 29, 2021. Index performance based on excess returns in USD. Past performance is no guarantee of future results. Chart 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.

Risk/Return Profile

As seen in Exhibit 9, the S&P 500 Futures Daily Risk Control 5% Index outperformed the S&P 500 Futures and its risk control peers in terms of risk-adjusted returns while maintaining a stable volatility level for all analysis periods. The annualized volatility level is slightly higher than the other risk control versions, but this is compensated with a higher annualized return.

The S&P 500 Futures Daily Risk Control 5% Index outperformed the S&P 500 Futures and its risk control peers in terms of risk-adjusted returns...

...while maintaining a stable volatility level for all analysis periods.

Exhibit 9: Risk-Adjusted Returns				
PERIOD	RC 1	RC 2	RC 2 MINIMUM VARIANCE	S&P 500 FUTURES
ANNUALIZED RETURN (%)				
YTD	1.59	2.06	4.59	16.22
1-Year	1.67	1.20	3.71	16.47
3-Year	0.56	2.44	3.45	9.53
5-Year	4.69	6.03	6.65	14.36
7-Year	3.55	5.10	5.75	11.88
10-Year	3.62	5.31	5.86	12.31
Cumulative	2.08	4.19	5.01	5.21
ANNUALIZED VOLATILITY (%)				
3-Year	5.35	5.43	5.46	22.97
5-Year	5.14	5.19	5.21	18.73
7-Year	5.16	5.23	5.24	17.58
10-Year	5.10	5.17	5.18	17.37
Cumulative	5.01	5.09	5.16	19.75
RETURN/RISK				
3-Year	0.10	0.45	0.63	0.42
5-Year	0.91	1.16	1.28	0.77
7-Year	0.69	0.97	1.10	0.68
10-Year	0.71	1.03	1.13	0.71
Cumulative	0.41	0.82	0.97	0.26
ANNUALIZED SKEWNESS				
Cumulative	-0.055	-0.043	-0.043	0.002
ANNUALIZED EXCESS KURTOSIS				
Cumulative	0.022	0.019	0.020	0.053

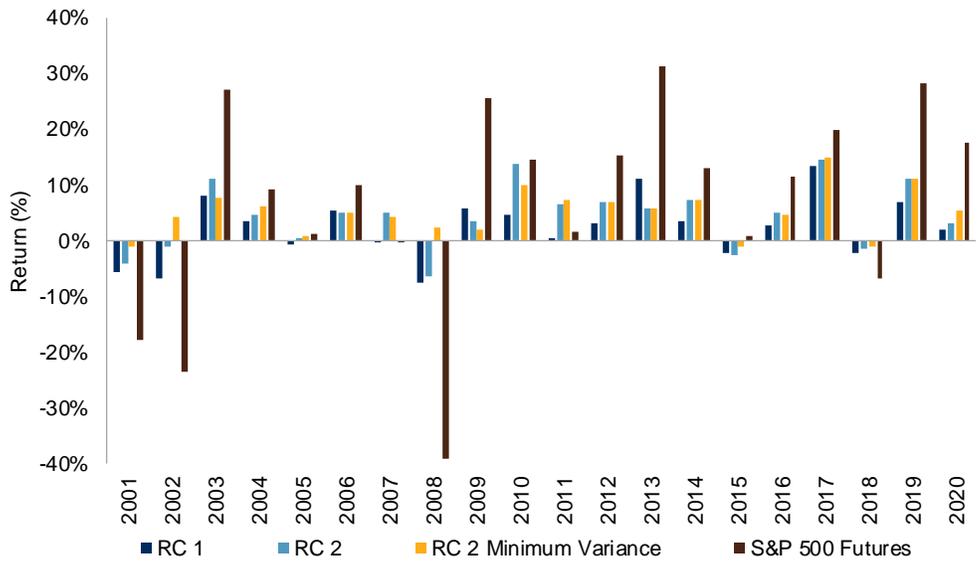
RC 1 and RC 2 are hypothetical portfolios and RC 2 Minimum Variance represents the S&P 500 Futures Daily Risk Control 5% Index.

Source: S&P Dow Jones Indices LLC. Data from Dec. 29, 2000, to Jan. 29, 2021. Index performance based on daily excess returns in USD. 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.

The S&P 500 Futures Daily Risk Control 5% Index outperformed in 65% of the years between 2000 and 2020, when comparing year-over-year returns against the other risk control versions. Note that this is the only strategy that generated positive returns in 2002 and 2008, two highly volatile years (see Exhibit 10).

The S&P 500 Futures Daily Risk Control 5% Index outperformed in 65% of the years between 2000 and 2020, when comparing year-over-year...

Exhibit 10. Calendar Year Returns



...and was the only strategy to produce positive returns in 2002 and 2008, two highly volatile years.

RC 1 and RC 2 are hypothetical portfolios and RC 2 Minimum Variance represents the S&P 500 Futures Daily Risk Control 5% Index. Source: S&P Dow Jones Indices LLC. Data from Dec. 29, 2000, to Jan. 29, 2021. Index performance based on excess returns in USD. Chart 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.

CONCLUSION

The RC 2 Minimum Variance strategy, i.e., the S&P 500 Futures Daily Risk Control 5% Index, is a continuation of our effort to expand our risk control techniques. The index is designed to preserve volatility targeting and provide the other benefits of Risk Control 2, while also reducing turnover during periods of heightened volatility.

In addition, by having a unique allocation to equity, bonds, and cash, the index has been able to further reduce drawdowns and historically outperform its peers especially during market sell-offs like the Tech Bubble, the Global Financial Crisis, and more recently the COVID-19 pandemic.

Overall, the S&P 500 Futures Daily Risk Control 5% Index seeks to offer an alternative to investors that seek downside protection and upside market participation, while effectively controlling daily trading volume.

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PERFORMANCE DISCLOSURE/BACK-TESTED DATA

The S&P 500 Futures Daily Risk Control 5% Index was launched December 18, 2020. 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.

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