

**S&P Balanced Equity  
and Bond Indices  
*Methodology***

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# Introduction

## Index Objective and Highlights

The S&P Balanced Equity and Bond Index Family is a series of S&P indices that combine multiple asset classes. These indices are comprised of pre-defined weights of equity and bond exposure. The objective of each index is to tailor the risk-reward profile for different strategies based on level of risk aversion.

## Family

The S&P Balanced Equity and Bond Index family includes the following index series:

1. **U.S. Balanced Equity and Corporate Bond Index.** The equity exposure for this index is represented by the S&P 500 Total Return Index and the bond exposure is represented by the S&P 500 Corporate Bond Index.
2. **U.S. Balanced Equity and Bond Indices.** The equity exposure for these indices is represented by the S&P 500 Total Return Index and the bond exposure is represented by the S&P U.S. Treasury Bond 7-10 Year Index.
3. **S&P Balanced Equity and Long Duration Bond Index.** The equity exposure for these indices is represented by the S&P 500 Total Return Index and the bond exposure is represented by the S&P U.S. Treasury Bond 20+ Year Index.
4. **Australian Blended Equity and Bond Indices.** The equity exposure for these indices is represented by the S&P/ASX 200 Total Return Index and the bond exposure is represented by the S&P/ASX Australian Fixed Interest Index.
5. **Pan Arab Shariah Balanced Indices.** The equity exposure for these indices is represented by the S&P Pan Arab Composite Shariah Total Return Index and the fixed income exposure is represented by the Dow Jones Sukuk Total Return Index (ex-Reinvestment).

## 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' Fixed Income Policies & Practices Methodology	<a href="#">Fixed Income Policies &amp; Practices</a>
S&P Dow Jones Indices' Fixed Income 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.

# Index Construction

## U.S. Balanced Equity and Bond Indices

S&P Dow Jones Indices calculates Total Return (TR) indices as described below.

1. **S&P 500 Balanced Equity and Corporate Bond Index.** The construction of the index consists of a position in the S&P 500 Total Return Index with **60%** weight, and a position in the S&P 500 Corporate Bond Index with **40%** weight.
2. **S&P Balanced Equity and Bond - Conservative Index.** The construction of the index consists of a position in the S&P 500 Total Return Index with **25%** weight, and a position in the S&P U.S. Treasury Bond 7-10 Year Index with **75%** weight.
3. **S&P Balanced Equity and Bond Index – Moderate Index.** The construction of the index consists of a position in the S&P 500 Total Return Index with **50%** weight, and a position in the S&P U.S. Treasury Bond 7-10 Year Index with **50%** weight.
4. **S&P Balanced Equity and Bond – Growth Index.** The construction of the index consists of a position in the S&P 500 Total Return Index with **75%** weight, and a position in the S&P U.S. Treasury Bond 7-10 Year Index with **25%** weight.
5. **S&P Balanced Equity and Long Duration Bond Index.** The construction of the index consists of a position in the S&P 500 Total Return Index with **50%** weight, and a position in the S&P U.S. Treasury Bond 20+ Year Index with **50%** weight.

For construction of the constituent sub-indices listed above, please refer to the *S&P U.S. Indices Methodology* and the *S&P Global Bond Indices Methodology*, respectively.

## Australian Blended Equity and Bond Indices

S&P Dow Jones Indices calculates Total Return (TR) indices as described below.

1. **S&P/ASX Blended Equity and Bond - Conservative Index.** The construction of the index involves taking a position in the S&P/ASX 200 Total Return Index with **30%** weight, and a position in the S&P/ASX Australian Fixed Interest Index with **70%** weight.
2. **S&P/ASX Blended Equity and Bond - Balanced Index.** The construction of the index involves taking a position in the S&P/ASX 200 Total Return Index with **50%** weight, and a position in the S&P/ASX Australian Fixed Interest Index with **50%** weight.
3. **S&P/ASX Blended Equity and Bond - Growth Index.** The construction of the index involves taking a position in the S&P/ASX 200 Total Return Index with **70%** weight, and a position in the S&P/ASX Australian Fixed Interest Index with **30%** weight.
4. **S&P/ASX Blended Equity and Bond – High Growth Index.** The construction of the index involves taking a position in the S&P/ASX 200 Total Return Index with **85%** weight, and a position in the S&P/ASX Australian Fixed Interest Index with **15%** weight.

For construction of the constituent sub-indices listed above, please refer to the *S&P/ASX Australian Indices Methodology* and the *S&P/ASX Australian Fixed Interest Index Series Methodology*, respectively.

## Pan Arab Shariah Balanced Indices

S&P Dow Jones Indices calculates Total Return (TR) indices as described below.

1. **S&P Pan Arab Shariah Balanced - Conservative Index.** The construction of the index involves taking a position in the S&P Pan Arab Composite Shariah Total Return Index with **25%** weight, and a position in the Dow Jones Sukuk Total Return Index (ex-Reinvestment) with **75%** weight.
2. **S&P Pan Arab Shariah Balanced - Moderate Index.** The construction of the index involves taking a position in the S&P Pan Arab Composite Shariah Total Return Index with **60%** weight, and a position in the Dow Jones Sukuk Total Return Index (ex-Reinvestment) with **40%** weight.
3. **S&P Pan Arab Shariah Balanced - Growth Index.** The construction of the index involves taking a position in the S&P Pan Arab Composite Shariah Total Return Index with **75%** weight, and a position in the Dow Jones Sukuk Total Return Index (ex-Reinvestment) with **25%** weight.

For construction of the constituent sub-indices listed above, please refer to the *S&P Pan Arab Indices and S&P Shariah Indices Methodologies*, and the *Dow Jones Sukuk Total Return Index (ex-Reinvestment) Methodology*, respectively.

### Calculation of Index Total Return

On any trading date,  $t$ , each index is calculated as follows:

$$Index_t = Index_{PB} * (1 + IndexTotalReturn_t) \quad (1)$$

$$IndexTotalReturn_t = (W_{Equity} * TotalReturn_{Equity} + W_{Bond} * TotalReturn_{Bond}) \quad (2)$$

where:

$Index_{PB}$  = Index value on the previous rebalancing date.

$W_{Equity}$  = Weight of the equity component as of the previous rebalancing date.

$TotalReturn_{Equity}$  = Cumulative return of the total return of the representative equity index at  $t$  from the previous rebalancing date.

$W_{Bond}$  = Weight of the bond component as of the previous rebalancing date.

$TotalReturn_{Bond}$  = Cumulative return of the representative bond index at  $t$  from the previous rebalancing date.

# Index Maintenance

## U.S. Balanced Equity and Bond Indices

**Rebalancing.** The S&P 500 Balanced Equity and Corporate Bond Index and S&P Balanced Equity and Long Duration Bond Index are rebalanced monthly. On the last trading date of each month, the weights of the bond and equity exposure are rebalanced to the pre-defined levels. All other U.S. Balanced Equity and Bond Indices are rebalanced quarterly. On the last trading date of February, May, August and November, the weights of bond and equity exposure are rebalanced to the pre-defined levels for each index in the series.

**Base Date.** The base date for the S&P 500 Balanced Equity and Corporate Bond Index is December 30, 1994. The base value on that date is 100. The base dates for the other U.S. Balanced Equity and Bond Indices are December 29, 1989. The base value on that date is 100.

## Australian Blended Equity and Bond Indices

**Rebalancing.** The rebalancing of the Australian Blended Equity and Bond Indices is aligned with the rebalancing of the S&P/ASX 200. As of May 31, 2012, this is done quarterly effective on the third Friday of March, June, September, and December. On these dates, the weights of bond and equity exposure are rebalanced to the pre-defined levels for each index in the series.

**Base Date.** The indices' base dates are December 31, 2004. The base value on that date is 100.

## Pan Arab Shariah Balanced Indices

**Rebalancing.** The rebalancing of the Pan Arab Shariah Balanced Indices is done quarterly, effective at the open following the third Friday in March, June, September, and December. On these dates, the weights of bond and equity exposure are rebalanced to the pre-defined levels for each index in the series.

**Base Date.** The indices' base dates are September 21, 2007. The base value on that date is 100.

## Currency of Calculation and Additional Index Return Series

Additional currency and currency hedged versions of the indices, as well as maturity, sector, and rating-based sub-indices, may be available. For a list of available sub-indices and tickers, please refer to S&P Dow Jones Indices' Fixed Income Index Directory available at [www.spdji.com](http://www.spdji.com).

*For more information on index calculation, please refer to S&P Dow Jones Indices' Fixed Income Index Mathematics Methodology.*

# Index Governance

## Index Committee

The Factor Index Committee maintains the U.S. Balanced Equity and Bond Indices and the Pan Arab Shariah Balanced Indices. All Committee members are full-time professional members of S&P Dow Jones Indices' staff. The Committee meets regularly.

The S&P/ASX Fixed Income Index Committee maintains the Australian Blended Equity and Bond Indices. All Committee members are full-time professional members of either S&P Dow Jones Indices' staff or the ASX. The Committee meets as needed.

The Committee may revise index policy covering rules for including other asset classes, currencies, the timing of rebalancing, 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.

The Index Committee may rely on any information or documentation submitted to it or gathered by it that the Index Committee believes to be accurate. The Index Committee reserves the right to reinterpret publicly available information and to make changes to the indices based on a new interpretation of that information at its sole discretion. All Index Committee discussions are confidential.

The Index Committee is separate from and independent of other analytical groups at S&P Global. In particular, the Index Committee has no access to or influence on decisions by S&P Global Ratings analysts.

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 and/or Fixed Income Policies & Practices Methodology.*

# Index Policy

## Announcements

Rebalancing announcements, if needed, are made two days prior to the rebalancing date. The indices are calculated daily when any of the relevant markets are open for official trading, excluding holidays and weekends.

## Holiday Schedule

**U.S. Balanced Equity and Bond Indices.** The indices are calculated daily, throughout the calendar year. The indices follow the NYSE holiday schedule.

**Australian Blended Equity and Bond Indices.** The indices are calculated daily, throughout the calendar year. The indices follow the ASX holiday schedule.

**Pan Arab Shariah Balanced Indices.** The indices are calculated on all weekdays (Monday – Friday).

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

## 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 any 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.spdji.com](http://www.spdji.com), 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 [S&P DJI's All Indices by Methodology Report](#) for a complete list of indices covered by this document.

Index	Bloomberg	Reuters
S&P Balanced Equity and 500 Corporate Bond Index	SPXNBT	--
S&P Balanced Equity and Bond - Conservative Index	SPBXC1	--
S&P Balanced Equity and Bond - Moderate Index	SPBXMI	--
S&P Balanced Equity and Bond - Growth Index	SPBXGI	--
S&P Balanced Equity and Long Duration Bond Index	SPB20B	.SPB20B
S&P/ASX Blended Equity and Bond - Conservative Index	SPASBLC	--
S&P/ASX Blended Equity and Bond - Balanced Index	SPASBLB	--
S&P/ASX Blended Equity and Bond - Growth Index	SPASBLG	--
S&P/ASX Blended Equity and Bond - High Growth Index	SPASBLHG	--
S&P Pan Arab Shariah Balanced – Conservative Index	SPPABCUP	--
S&P Pan Arab Shariah Balanced – Moderate Index	SPPABMUP	--
S&P Pan Arab Shariah Balanced – Growth Index	SPPABGUP	--

## Index Data

Daily index level data is available via subscription.

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

## Web site

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

# Appendix – Methodology Changes

Methodology changes since January 1, 2015 are as follows:

<b>Change</b>	<b>Effective Date (After Close)</b>	<b>Previous</b>	<b>Methodology Updated</b>
Underlying Index Name Change for the U.S. Balanced Equity and Bond Indices	06/30/2016	S&P/BGCantor 7-10 Year U.S. Treasury Bond Index	S&P U.S. Treasury Bond 7-10 Year Index

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