

The S&P Catholic Values Indices: A Multi-Asset Solution for Faith- Based Investing

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EXECUTIVE SUMMARY

- Faith-based investing has been practiced in the U.S. for more than 150 years by believers from diverse religions.
- The [S&P 500[®] Catholic Values Index](#) and the [S&P U.S. Catholic Values Aggregate Bond Index](#) exclude activities by certain companies or governments that are not aligned with the Socially Responsible Investment Guidelines of the U.S. Conference of Catholic Bishops (USCCB).
- The S&P Catholic Values Indices Methodology, combined with the USCCB Guidelines, captures broad market performance with the added benefit of faith-based investing within a multi-asset-class index offering.

MEASURING THE MARKET THROUGH A CATHOLIC LENS

Sustainable investing has in one form or another been present throughout time. The notion of responsible investing is practically as old as investing itself. Records date back to the 18th century, when faith-based groups such as the Quakers and the Methodists provided guidance on “sinful” investments to avoid. To this day, faith-based strategies like Shariah-compliant investing are offered within the broader sustainable investment framework. Faith-based or faith-consistent investing begins with alignment with the formal religious teachings and beliefs of a tradition, and it includes promoting all the values, priorities, and practices judged to be consistent with those teachings.

Examples of aligning financial outcomes with one’s values range from faith-based investing, socially responsible investing, sustainable investing, or environmental, social, and governance (ESG) investing. The belief used to guide faith-based investing can be grounded in formal religious dogma or simply generational thinking, with an emphasis on seeking to leave the world a better place for the future.

*Faith-based investing
has been in practice for
hundreds of years...*

As with some of the earliest approaches to socially responsible investing, faith-based investors use screens to filter out incompatible investments, though the strategy is structured to align with religious laws and beliefs. For example, Shariah law forbids certain investments, but it also forbids the giving or taking of interest, or “riba,” which helps reduce exposure to reinvestment and interest rate risk. S&P Dow Jones Indices developed a series of indices around the [sukuk market](#), in support of this faith-based approach.

A faith-based approach to investing has led to the introduction of moral and ethical principles and priorities into the investment conversation. This approach has been supportive of others that have made the care of the environment and protection of biodiversity a priority. The impact of these approaches to investing has contributed to significant transformations in asset management philosophies and to the preservation of the planet for future generations. In addition, faith-based institutions and individuals have emphasized the social impact of their investments.

*...spanning many
religions from Jewish to
Muslim to Christian.*

Faith-based investing can be personal and come in many styles. Jewish investors follow halachic teachings on business ethics derived from the written or oral Torah. In the 19th century, Quakers through the Friends Fiduciary Corporation and Methodists adopted investment guidelines grounded in their religious missions and values. Both religions were opposed to the slave trade and smuggling, avoided investments in companies that manufactured or promoted alcohol, tobacco, weapons, or gambling.

Muslims have followed financial principles that have prohibited charging interest since Islam’s founding, and, beginning in the mid-20th century, Islamic banks have applied Shariah principles to modern investments. Index providers, in turn, have come to market with [equity and fixed income indices](#) that are designed to measure the performance of Shariah-compliant investment strategies.

MEASURING THE GLOBAL IMPACT OF CATHOLIC VALUES

Catholic Values affect 1.2 billion Catholics and hundreds of billions in Catholic institutional assets.

With approximately 15% of the global population and just under 25% of the U.S. and Canada affiliated with the Catholic Church, Catholic teachings and principles are the foundation for the decisions made in many homes, churches, schools, and organizations throughout the world.

Catholic values are a set of guidelines defined by the USCCB that are designed to help define and put into practice the teachings of the Catholic Church for religious and non-religious institutions, as well as individual investors setting financial objectives and goals.

The USCCB identifies principles for investment policy for Catholics.

Exhibit 1: USCCB Investment Policies	
INVESTMENT POLICY	APPLICATION
Protecting Human Life	<ul style="list-style-type: none"> • Abortion • Contraceptives • Embryonic Stem Cell/Human Cloning
Promoting Human Dignity	<ul style="list-style-type: none"> • Human Rights • Racial Discrimination • Gender Discrimination • Access to Pharmaceuticals • Curbing Pornography
Reducing Arms Production	<ul style="list-style-type: none"> • Production and Sale of Weapons • Antipersonnel Landmines
Pursuing Economic Justice	<ul style="list-style-type: none"> • Labor Standards/Sweatshops • Affordable Housing/Banking
Protecting the Environment	<ul style="list-style-type: none"> • Renewing the Earth • Addressing Global Climate Change
Encouraging Corporate Responsibility	<ul style="list-style-type: none"> • A Place at the Table • Everyday Christianity

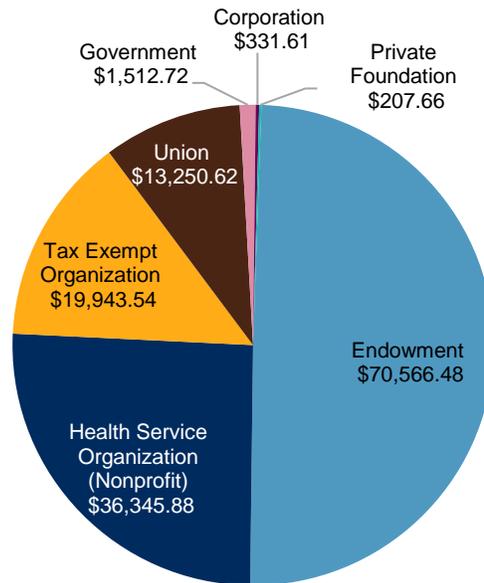
Source: USCCB. Table is provided for illustrative purposes.

These principles are designed to help define and put into practice the mission of the Catholic Church for religious and non-religious institutions

These principles formalize a collective belief system that can be shared by the over one billion Catholics in the world today. As of Dec. 31, 2020, there was over USD 140 billion in assets held by various Catholic organizations. These include nonprofit health service organizations such as Trinity Health Corporation and Catholic Health Initiatives. Others are tax-exempt organizations such as the Catholic United Investment Trust and Catholic Financial Life. U.S. universities make up the largest asset base, with nearly half of the assets.

Exhibit 2: Catholic Organization Assets by Category (USD Millions)

University endowments account for nearly USD 70 billion in institutional assets held by Catholic institutions...



Source: Money Market Directory. Data as of Dec. 31, 2020. Chart is provided for illustrative purposes.

U.S. Catholic universities tend to invest broadly, often with long-term horizons tailored to the needs of each individual school. University endowments, mostly tax exempt 501(c)(3) organizations, typically invest in global multi-asset portfolios with core positions in U.S. stocks and investment-grade bonds, as well as holdings in real estate and private equity. The University of Notre Dame, the holder of the largest Catholic university endowment, with assets over USD 15 billion, adheres to the Catholic Social Teaching, as detailed by the USCCB.¹

...the largest being the University of Notre Dame, with assets over USD 15 billion.

Exhibit 3: Largest U.S. Catholic University Endowments

UNIVERSITY	TOTAL ASSETS (USD THOUSANDS)
University of Notre Dame	15,829,935
Georgetown University	5,067,355
Boston College	3,482,164
Loyola University Chicago	2,279,467
Saint Louis University	2,100,215
Fordham University	1,986,627
Villanova University	1,925,554
St. John's University	1,917,599
Santa Clara University	1,706,557
DePaul University	1,691,526

Source: Money Market Directory. Data as of Dec. 31, 2020. Table is provided for illustrative purposes.

¹ To learn more about the University of Notre Dame's investment approach, visit <https://investment.nd.edu/approach/>.

THE S&P CATHOLIC VALUES INDICES

S&P DJI launched the S&P Catholic Values Indices across the equity and fixed income asset classes...

With Catholic institutions investing in accordance with principles outlined by the USCCB, there is a clear need in the market for benchmarks that appropriately reflect the investment opportunity set. As such, S&P Dow Jones Indices launched the S&P Catholic Values Indices across the equity and fixed income asset classes. These indices serve a number of investment purposes, from performance evaluation to index-linked passive replication.

We introduce the S&P Catholic Values Index Series, which is composed of the S&P 500 Catholic Values Index, S&P U.S. Catholic Values Aggregate Bond Index, and [S&P 500 Catholic Values Investment Grade Bond Index](#). The indices exclude companies engaging in business activities that are not consistent with the Socially Responsible Investment Guidelines outlined by the USCCB. Exhibit 4 highlights the exclusionary criteria, and Exhibit 5 details the index construction approaches.

...and they exclude companies engaging in business activities that are not consistent with the USCCB's Socially Responsible Investment Guidelines.

Exhibit 4: Catholic Values Exclusionary Criteria

PRODUCT INVOLVEMENT	CATEGORY	S&P DJI LEVEL OF INVOLVEMENT THRESHOLD
Abortion	Acute care hospital or production of abortion drugs	>0%
Contraceptives	Manufacturing of contraceptives	>0%
Human Stem Cells	Human embryonic stem cells, fetal cell lines, or human stem cell research	>0%
Adult Entertainment	Production and distribution of adult entertainment	>0% (Production) ≥5% (Distribution)
Controversial Weapons	Production of biological or chemical weapons, cluster bombs, landmines, or nuclear weapons	>0%
Military Contracting	Weapons, related products, or non-weapons related products or services	≥50%
Child Labor	Employment or use of child labor in supply chain	Any Evidence of Incidents

Level of Involvement refers to the company's direct exposure to such products, while Significant Ownership indicates where the company has indirect involvement via some specified level of ownership of a subsidiary company with involvement.

Source: S&P Dow Jones Indices LLC; S&P Catholic Values Indices Methodology. Table is provided for illustrative purpose.

The S&P 500 Catholic Values Index seeks to capture the returns of large-cap U.S. securities whose business activities do not violate the principles of USCCB...

Exhibit 5: Methodology of the S&P Catholic Values Indices

CHARACTERISTIC	S&P 500 CATHOLIC VALUES INDEX	S&P U.S. CATHOLIC VALUES AGGREGATE BOND INDEX
Rebalance Frequency	Quarterly	Monthly
Weighting Scheme	Modified Market-Cap Weighted	Modified Market Value
Sector Weighting	At each quarterly rebalance, the weight of each excluded stock is redistributed to the other stocks within the same GICS sector to match the weights of the S&P 500.	At each monthly rebalance, the weight of each excluded corporate bond is redistributed to the other bonds within the same GICS sector. The weights of noncorporate bonds are redistributed to the other non-government bonds to match the weight of the S&P U.S. Aggregate Index
Capping	At each rebalancing, the indices retain the sector weights of the underlying index by redistributing the weight of each excluded stock to the other stocks within the same GICS sector. To achieve this, a Sector Weight Factor is calculated for each sector at each quarterly rebalancing and is assigned to all remaining stocks within that sector. The weight of each stock in the index is proportional to its float-adjusted market capitalization and its Sector Weight Factor.	At each rebalancing, index weights are assigned so that the sector weights for the 11 GICS sectors are matched to the corresponding GICS sector weights in the S&P U.S. Aggregate Bond Index, with noncorporate bonds reweighted proportionally to maintain the index's original market value.

Source: S&P Dow Jones Indices LLC; [S&P Catholic Values Indices Methodology](#). Table is provided for illustrative purposes.

...and it covers 90% of the market cap of the underlying S&P 500.

The S&P 500 Catholic Values Index seeks to capture the returns of large-cap U.S. securities whose business activities do not violate the principles of USCCB. It covers 90% of the market cap of the underlying S&P 500. The index utilizes a modified market-cap weighting scheme to ensure consistent representation across sectors.

A historical comparison of the index's characteristics and sector allocation over time points to the stability and consistency of the index compared with its benchmark. Exhibit 7 shows the historical sector composition of the index since inception. The average relative sector weights show the average over- or underweight of each sector (see Exhibit 8). The positive values per sector indicate that, on average, the S&P 500 Catholic Values Index had greater exposure to that sector relative to the S&P 500.

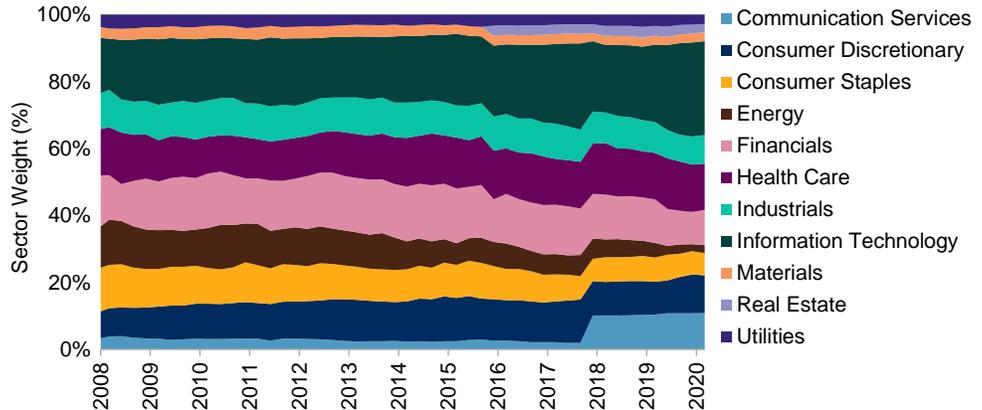
The index utilizes a modified market-cap weighting scheme to ensure consistent representation across sectors.

Exhibit 6: Historic Characteristics of the S&P 500 Catholic Values Index

CHARACTERISTIC	S&P 500			S&P 500 CATHOLIC VALUES INDEX		
	AVERAGE	MAXIMUM	MINIMUM	AVERAGE	MAXIMUM	MINIMUM
Number of Constituents	502	508	499	454	474	437
Close Market Cap (USD Billion)	17,022	31,659	5,895	16,985	31,187	5,919
Index Dividend Yield (%)	2.09	4.07	1.57	1.91	2.65	1.51
Price-to-Earnings Ratio	18.32	29.91	11.14	20.52	29.54	14.36
Price/Book Ratio	2.68	4.17	1.45	3.07	4.06	0.01
Trailing 12-Month EPS	105.36	152.74	42.63	144.41	172.61	114.43
Book Value per Share	708.60	926.79	446.14	17,319.42	364,049.21	790.13

Source: S&P Dow Jones Indices LLC, Bloomberg. Data from Oct. 17, 2008, to Dec. 31, 2020. 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.

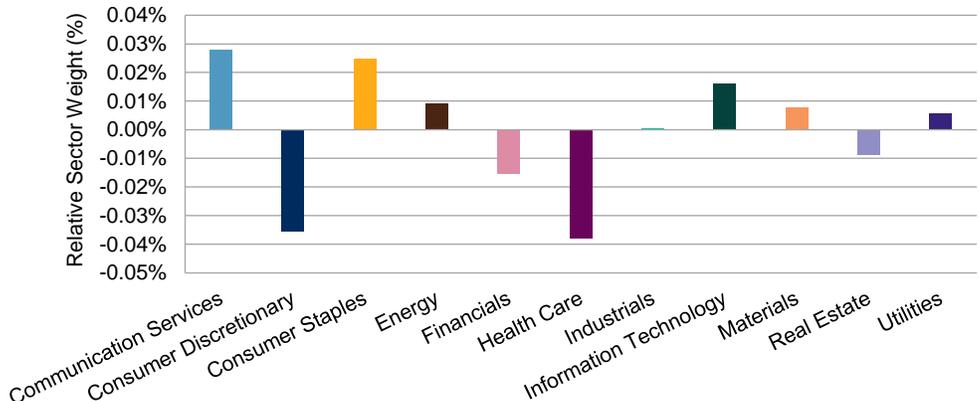
Exhibit 7: Historical Sector Composition of the S&P 500 Catholic Values Index



Source: S&P Dow Jones Indices LLC. Data from Oct. 17, 2008, to Dec. 31, 2020. 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.

The index's historical characteristics and sector allocation point to its stability and consistency compared with its benchmark.

Exhibit 8: Average Relative Sector Weights of the S&P 500 Catholic Values Index versus the S&P 500



Source: S&P Dow Jones Indices LLC. Data from Oct. 17, 2008, to Dec. 31, 2020. 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.

The S&P U.S. Catholic Values Aggregate Bond Index is designed to measure the performance of publicly issued, U.S. dollar-denominated investment grade debt.

The S&P U.S. Catholic Values Aggregate Bond Index is designed to measure the performance of publicly issued, U.S. dollar-denominated investment-grade debt. The index is made up of three major segments: the [S&P U.S. Government Bond Index](#), S&P 500 Catholic Values Investment Grade Bond Index, and [S&P U.S. Mortgage-Backed Securities \(MBS\) Index](#).

At each monthly rebalancing, securities are reweighted so that the sector weights for the 11 Global Industry Classification Standard (GICS®) sectors match the corresponding GICS sector weights in the [S&P U.S. Aggregate Bond Index](#), with noncorporate bonds reweighted proportionally to maintain the index’s original market value. Doing so ensures that the S&P U.S. Catholic Values Aggregate Bond Index reflects similar risk characteristics to those of the underlying benchmark. Exhibit 9 highlights the characteristics of the S&P U.S. Catholic Values Aggregate Bond Index against those of the benchmark, the S&P U.S. Aggregate Bond Index.

Exhibit 9: Historical Characteristics of the S&P U.S. Catholic Values Aggregate Bond Index

CHARACTERISTIC	S&P U.S. AGGREGATE BOND INDEX			S&P U.S. CATHOLIC VALUES AGGREGATE BOND INDEX		
	AVERAGE	MAXIMUM	MINIMUM	AVERAGE	MAXIMUM	MINIMUM
Market Value Outstanding (USD Billion)	23,411	27,952	19,007	18,747	21,999	15,967
Total Par Value (USD Billion)	22,315	25,351	18,123	17,796	19,888	15,231
Number of Constituents	12,496	13,766	11,173	5,564	6,141	5,032
Weighted Average Maturity	7.33	11.55	6.55	7.37	12.04	6.62
Weighted Average Coupon (%)	3.07	3.18	2.84	3.03	3.13	2.78
Weighted Average Price	104.08	111.35	98.04	104.07	111.66	97.94
Yield-to-Maturity (%)	2.37	3.64	1.04	2.31	3.58	0.97
Yield-to-Worst (%)	2.35	3.63	1.01	2.30	3.58	0.94
Modified Duration	5.53	7.91	4.96	5.59	8.27	4.98

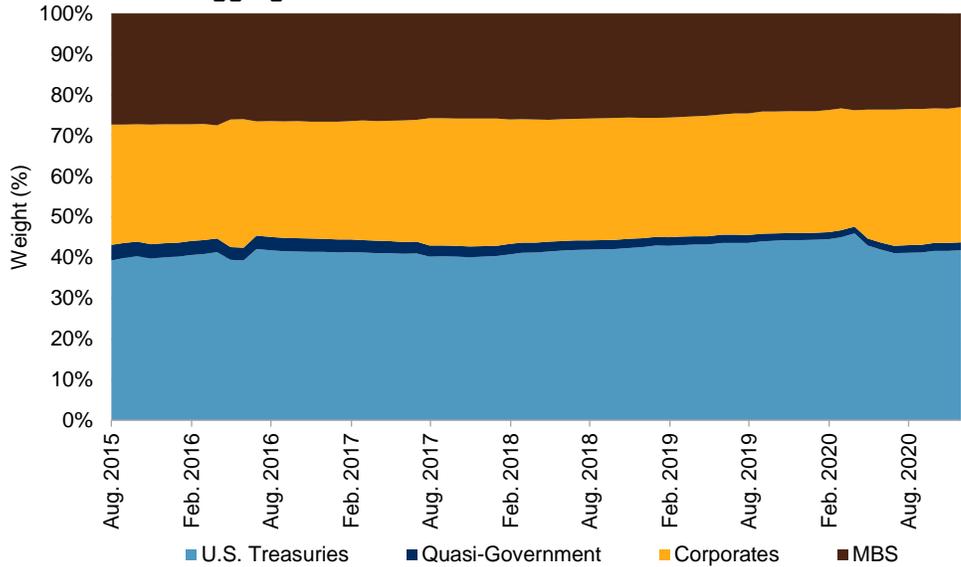
By reweighting the GICS sector weights of the Catholic values index to match those of the benchmark, we ensure that the indices reflect similar risk characteristics.

Source: S&P Dow Jones Indices LLC. Data from July 31, 2015, to Dec. 31, 2020. 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 historical bond classification breakdown shows that allocations to various segments of the index have been stable over time (see Exhibit 10). Exhibit 11 looks at the average active weights of the S&P U.S. Catholic Values Aggregate Bond Index relative to the underlying benchmark by bond classification. Note that the corporate bond segment has been the same as the benchmark as a result of the rebalancing calculation to match GICS sectors to the benchmark sector weight. Hence, relative over- and underweightings occurred in the U.S. Treasuries and MBS segments.

Exhibit 10: Historical Bond Classification Composition of the S&P U.S Catholic Value Aggregate Bond Index

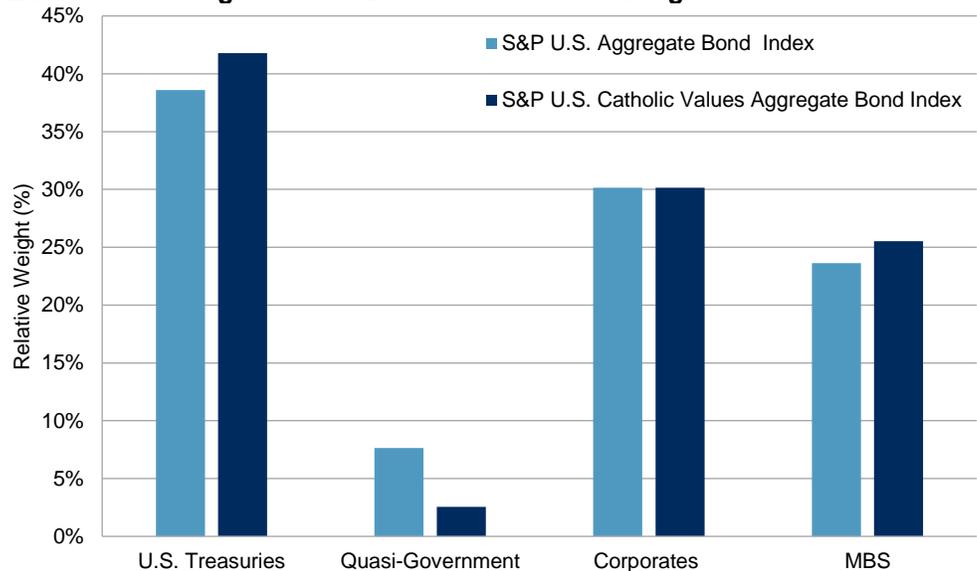
The historical bond classification breakdown shows that allocations to various segments of the index have been stable over time.



Source: S&P Dow Jones Indices LLC. Data from August 2015 to December 2020. 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.

Exhibit 11: Average Relative Bond Classification Weights

While the corporate bond segment has been the same as the benchmark, relative over- and underweightings occurred in the U.S. Treasuries and MBS.

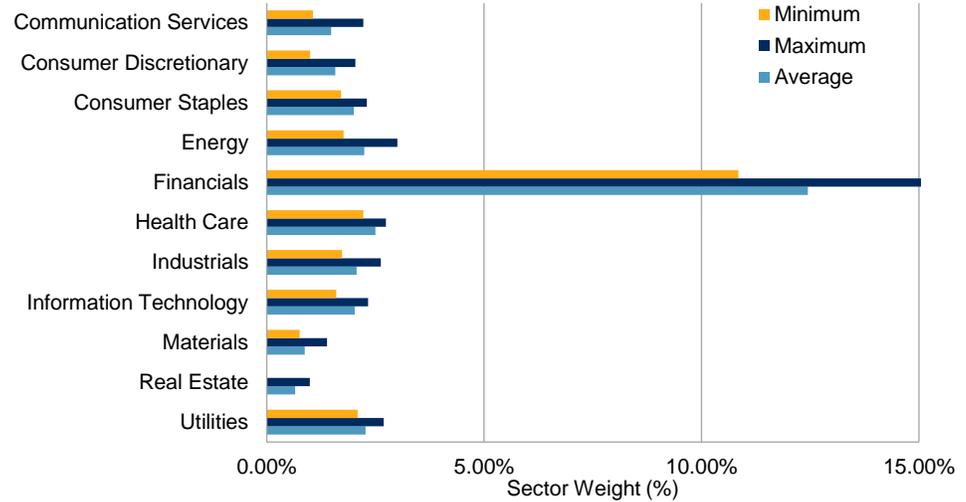


Source: S&P Dow Jones Indices LLC. Data from August 2015 to December 2020. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Looking at the corporate bond segment of the two indices, Exhibit 12 shows the range of GICS sector weights for both indices. The ranges show that the sector weights can change meaningfully over time. For example, the Financials sector has experienced the largest dispersion, with a spread of 4.7% between its highest and lowest weighting. Conversely, the Real Estate sector had the lowest dispersion with a spread of 0.37%.

Exhibit 12: Historical Range of GICS Sector Weights Matching in the Corporate Bond Segments of the S&P U.S. Aggregate Bond Index and S&P U.S. Catholic Values Aggregate Bond Index

In the corporate bond segment of the two indices, the range of GICS sector weights shows that the sector weights can change meaningfully over time.



Note: The Real Estate industry sector was separated from Financials on September 2016.
 Source: S&P Dow Jones Indices LLC. Data from August 2015, to December 2020. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Risk/Return Characteristics

One of the common notions in investing is that aligning one's values with financial outcomes may result in a tradeoff for returns.

One of the common notions in investing is that aligning one's values with financial outcomes may result in a tradeoff for returns. However, as the S&P Catholic Values Indices show, screening out investments that do not meet the criteria and reweighting the sectors can produce similar risk/return profiles to the underlying benchmarks.

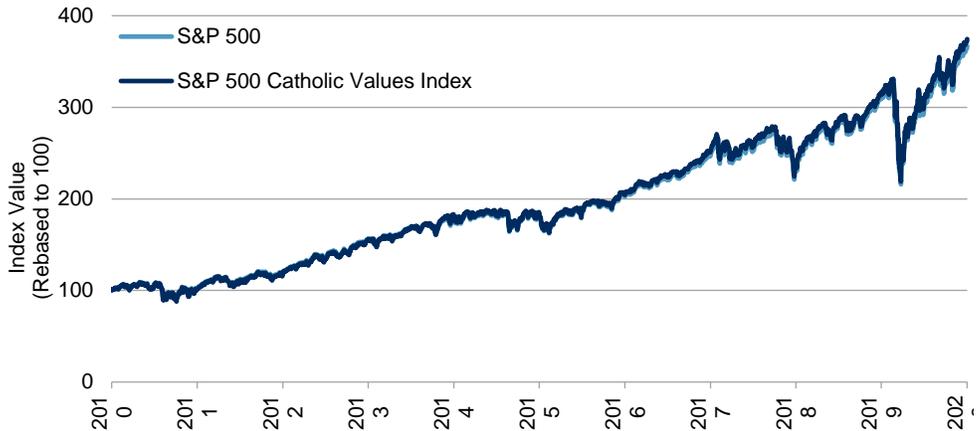
Exhibit 13: Risk/Return Characteristics of the S&P Catholic Values Indices and Their Benchmarks

CHARACTERISTIC	S&P 500	S&P 500 CV INDEX	S&P 500 IG CORP. BOND INDEX	S&P 500 CV IG BOND INDEX	S&P U.S. AGG. BOND INDEX	S&P U.S. CV AGG. BOND INDEX
RETURN (%)						
3-Year	14.18	14.27	6.91	6.89	5.13	5.20
5-Year	15.22	15.45	6.34	6.35	4.20	4.32
10-Year	13.88	14.12	5.35	N/A	3.60	N/A
VOLATILITY (%)						
3-Year	18.53	18.66	6.14	6.21	3.15	3.20
5-Year	15.26	15.39	5.27	5.32	2.96	2.96
10-Year	13.54	13.69	4.60	N/A	2.70	N/A
RETURN/VOLATILITY						
3-Year	0.77	0.76	1.13	1.11	1.63	1.63
5-Year	1.00	1.00	1.20	1.19	1.42	1.46
10-Year	1.03	1.03	1.16	N/A	1.33	N/A

Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2020. Indices include the S&P 500, S&P 500 Catholic Values Index, S&P Investment Grade Corporate Bond Index, S&P 500 Catholic Values Investment Grade Index, S&P U.S. Aggregate Bond, and S&P U.S. Catholic Values Aggregate Bond Index. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

However, screening out investments that do not meet the criteria and reweighting sector weights can produce similar risk/return profiles to benchmarks.

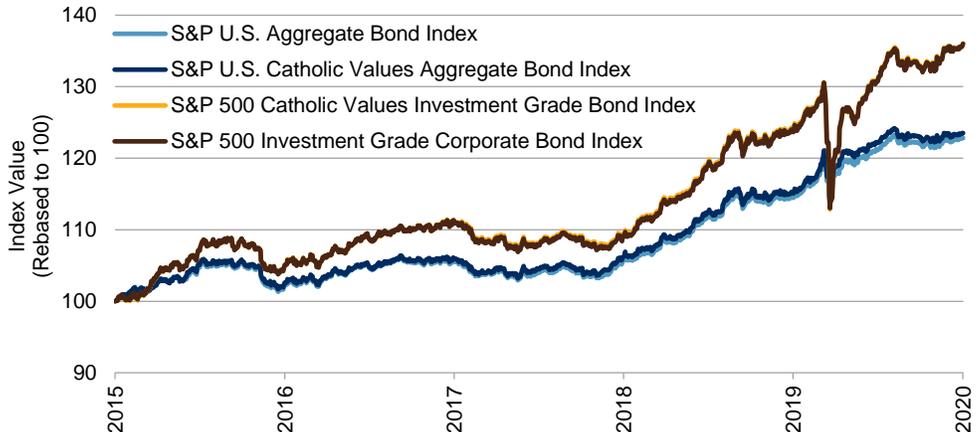
Exhibit 14a: Historical Performance of the S&P 500 Catholic Values Index versus the S&P 500



The S&P Catholic Values Indices have closely tracked their underlying benchmarks for equities and fixed income.

Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2010, to Dec. 31, 2020. Index performance based on total return 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.

Exhibit 14b: Historical Performance of the S&P Catholic Values Indices versus Fixed Income Benchmarks



Asset allocation is a key factor in all portfolios, from those oriented toward individual investors to those of large institutions.

Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2015, to Dec. 31, 2020. Index performance based on total return 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.

CATHOLIC VALUES INVESTING IN A MULTI-ASSET FRAMEWORK

Here, we show the risk/return tradeoffs of constructing diversified Catholic values portfolios against their non-Catholic values counterparts.

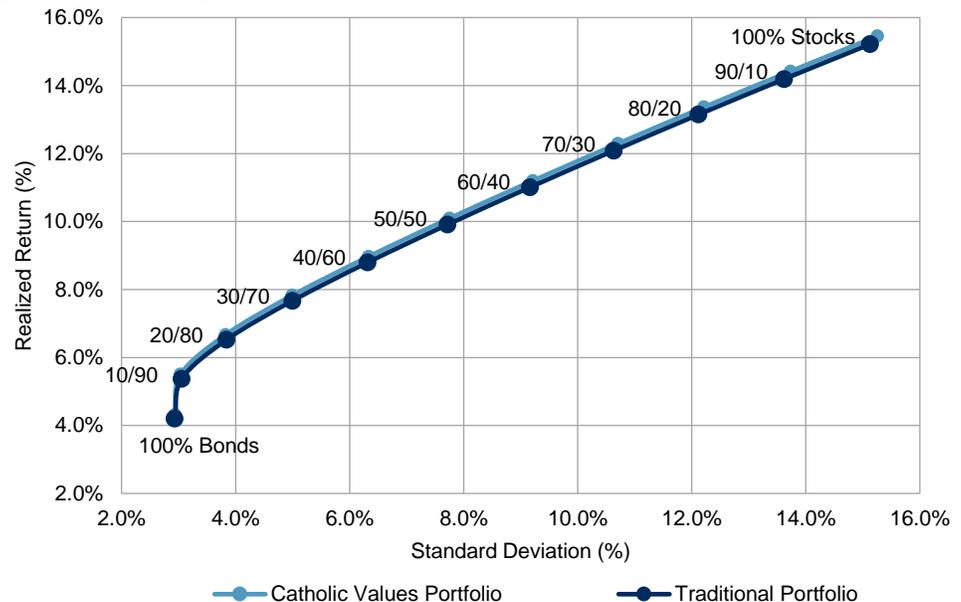
An efficient frontier plots various combinations of assets obtaining maximum return per given level of risk. Using a five-year period, we constructed two efficient frontiers in Exhibit 15: the S&P 500 Catholic Values Index with the S&P U.S. Catholic Values Aggregate Bond Index in light blue; and the S&P 500 and S&P U.S. Aggregate Bond Index in dark blue.

Each plot represents a given allocation between stocks and bonds, ranging from 100% bonds to 100% equities. Both frontiers show the benefits of a diversified portfolio. For example, a 100% fixed income allocation returned annualized returns of 4.2% with a standard deviation of 2.9% over the past five years. Adding a 10% allocation of equities generated an incremental 1.2% with only a 0.1% increase in risk.

Evaluating a mixed portfolio comprised of Catholic values stock and bond indices demonstrates similarly shaped efficient frontiers.

Comparing the two multi-asset frontiers, the S&P Catholic Values Indices produced similar risk-adjusted returns with a slight improvement. For example, a 30/70 Catholic Values Stock/Bond Mix returned 7.8% versus 7.7% with the same 5% risk.

Exhibit 15: Realized Risk/Return Profile for the S&P Catholic Values Indices



The Catholic Values Portfolio and Traditional Portfolio are hypothetical portfolios. Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2020. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Applying socially responsible investment themes like faith-based investing has become increasingly important for investors who wish to align their values with financial outcomes.

CONCLUSION

Choosing a benchmark that best fits an investor’s needs is paramount for evaluating performance. Applying socially responsible investment themes, including faith-based investment decisions, has become increasingly important for investors who wish to align their values with financial outcomes. As such, the S&P Catholic Values Indices offer faith-based investors properly designed benchmarks for performance evaluation purposes as well as for passively implemented exposures.

PERFORMANCE DISCLOSURE/BACK-TESTED DATA

The S&P 500 Catholic Values Index was launched August 10, 2015. The S&P U.S. Catholic Values Aggregate Bond Index and S&P 500 Catholic Values Investment Grade Bond Index were launched July 22, 2020. The S&P U.S. Aggregate Bond Index was launched July 15, 2014. The S&P 500 Investment Grade Corporate Bond Index were launched July 8, 2015. 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.

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 S&P DJI's 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.

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