

# Understanding The S&P U.S. Retiree Spending Index

## Why retiree spending matters

The demographics of the United States are shifting in record numbers. Every day, 10,000 individuals leave the workforce and bring their spending power and evolving priorities to the broader economy. The demands of the baby boomer generation are expected to reshape certain economic sectors.

The S&P U.S. Retiree Spending Index is designed to measure these evolving economic sectors, while reducing volatility.

## What's inside the S&P U.S. Retiree Spending Index?

The S&P U.S. Retiree Spending Index measures the performance of a balanced equity and fixed income strategy. It is made up of 50% equities and 50% fixed income.

## 3 Things To Know About This Index:

- Provides exposure to economic sectors expected to be impacted by retiree spending
- Includes a daily risk-reduction component to help reduce volatility to a target level of 5%
- Index values can be obtained by visiting **SPDJI.com** and searching keyword **SPRETIRE**

The fixed income portion of the Index provides exposure to short- and long-term treasuries, typically held by retirees for stable income.



The equity portion of the Index provides exposure to stocks from economic sectors that are expected to be impacted by retiree spending.

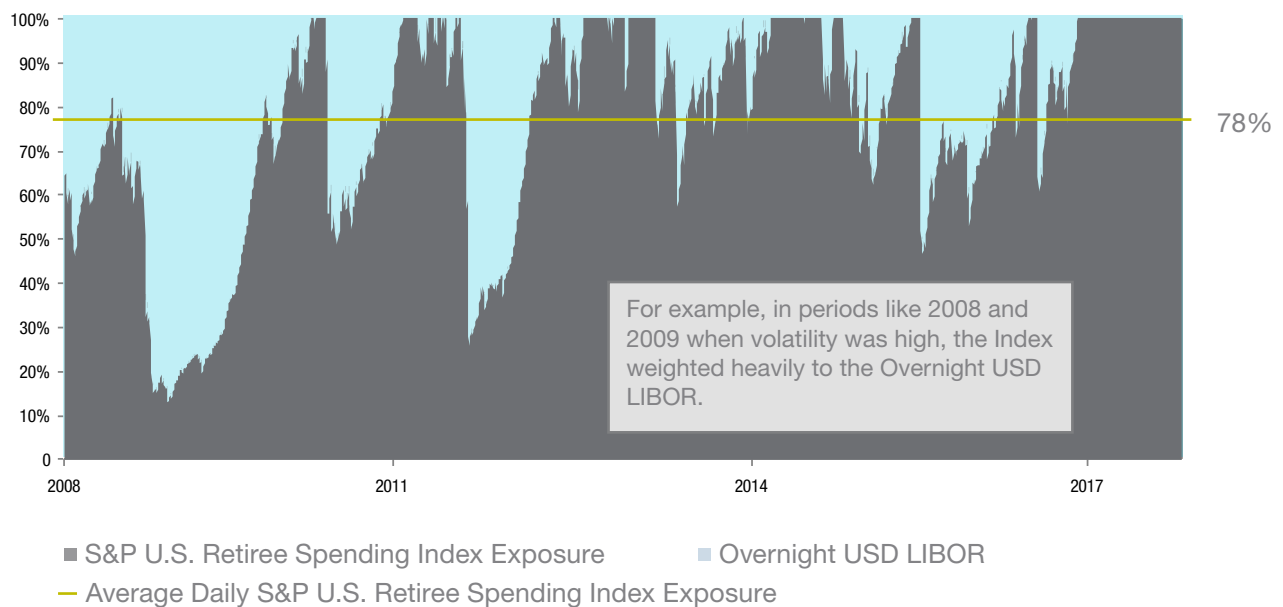


- 2-Year U.S. Treasury Note Futures
- 10-Year U.S. Treasury Note Futures
- Small-Cap Stocks
- Mid-Cap Stocks
- Large-Cap Stocks

## How the risk-reduction component works

The S&P U.S. Retiree Spending Index includes a risk-reduction component to help reduce volatility to a target level of 5%. In volatile markets, it allocates a portion of the portfolio to a cash component (Overnight USD LIBOR).

The chart below illustrates how the S&P U.S. Retiree Spending Index would have allocated between the Index and the Overnight USD LIBOR over the 10-year period that ended on December 29, 2017. During this time, volatility averaged 4.1%.



*The launch date of the S&P U.S. Retiree Spending Index (TR) was September 26, 2016. All information presented prior to the index launch date is back-tested. Back-tested performance is not actual performance, but 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. 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.*

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