

# S&P Dow Jones Indices

Global Resource for Index-Based Innovation, Data & Research

## Transparent Solutions that Span Asset Classes, Geographies, and Investment Strategies

As the world's leading resource for index-based innovation, data, and research, S&P Dow Jones Indices' mission is to bring independent, transparent, and cost effective solutions to the global investment community. S&P Dow Jones Indices is at the forefront of index change and innovation.

- World's leading provider of financial market indices
- Calculates more than 1,000,000 indices on a real-time or end-of-day basis covering a range of asset classes

[www.spdji.com](http://www.spdji.com)

### How S&P Dow Jones Indices Generates Revenue

**ETFs and Mutual Funds:** Licensing fees on assets invested in products linked to S&P Dow Jones Indices [non-subscription]

**OTC Derivatives & Structured Products:** Fixed or variable annual and per-issue fees or blanket fees for OTC derivatives and structured products [non-subscription]

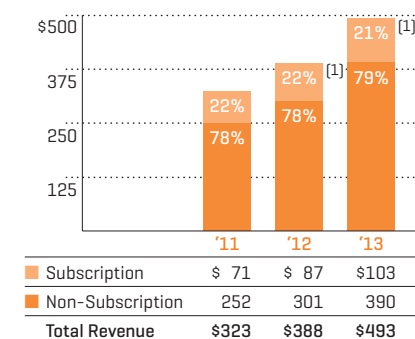
**Listed Derivatives:** Royalties based on trading volumes of derivatives contracts listed on global exchanges<sup>(1)</sup> [non-subscription]

**Data & Custom Indices:** Customized index solutions and data subscriptions that support index fund management, portfolio analytics, and research [subscription]

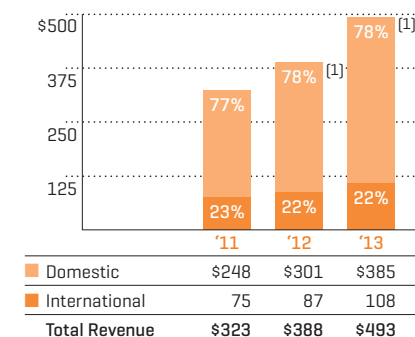
<sup>(1)</sup> See map on page 33 for exchanges with a Listing Agreement

It is not possible to invest directly in an index. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote, or manage any investment fund or other investment vehicle that is offered by any third party and that seeks to provide an investment return based on the performance of any index

**Revenue: Subscription/Non-Subscription**  
[dollars in millions]



**Revenue: Domestic/International**  
[dollars in millions]



*S&P Dow Jones Indices has more than 115 years of experience constructing innovative solutions*

<sup>(1)</sup> Ownership of S&P Dow Jones Indices LLC joint venture (launched in June 2012):  
• McGraw Hill Financial: 73%  
• CME Group: 27%

S&P Dow Jones Indices is targeting growth through international and asset-class expansion, new product development, enhanced market data offerings, expanded local exchange relationships, and cross-selling opportunities.

## Leveraging Strategic Partnerships

### Enhanced Platform for Growth and Innovation

S&P Dow Jones Indices is furthering growth by enhancing and establishing three types of relationships—joint venture partnership, partner exchange, and listing agreement—with various exchanges in order to expand global distribution and linkage to fast-growing emerging markets.

### Expanded Exchange Partnerships

#### Bolsa Mexicana de Valores (BMV)

Agreement with BMV, the second largest exchange in Latin America and the premier destination for international and domestic investors seeking access to the growing Mexican equity market.

S&P Dow Jones Indices will assume marketing and commercial licensing of all BMV indices including their flagship index, IPC (Índice de Precios y Cotizaciones)

All existing BMV indices, as well as new jointly developed indices, will be co-branded S&P

#### Korea Stock Exchange

Agreement with the Korea Exchange (KRX) to collaborate on global marketing and sales of the KRX indices, including the KOSPI200, the premier benchmark of equity market performance in South Korea.

S&P Dow Jones Indices will license and further promote the KRX indices to international investors

The two partners will build a joint team to effectively develop new indices and share knowledge

#### Taiwan Stock Exchange

Strategic agreement with the Taiwan Stock Exchange (TWSE) for index maintenance, development, distribution, and co-branding.

Launched the S&P/TWSE Taiwan Low Volatility High Dividend Index

Further expanding opportunities for global investors to tap into the Taiwan market

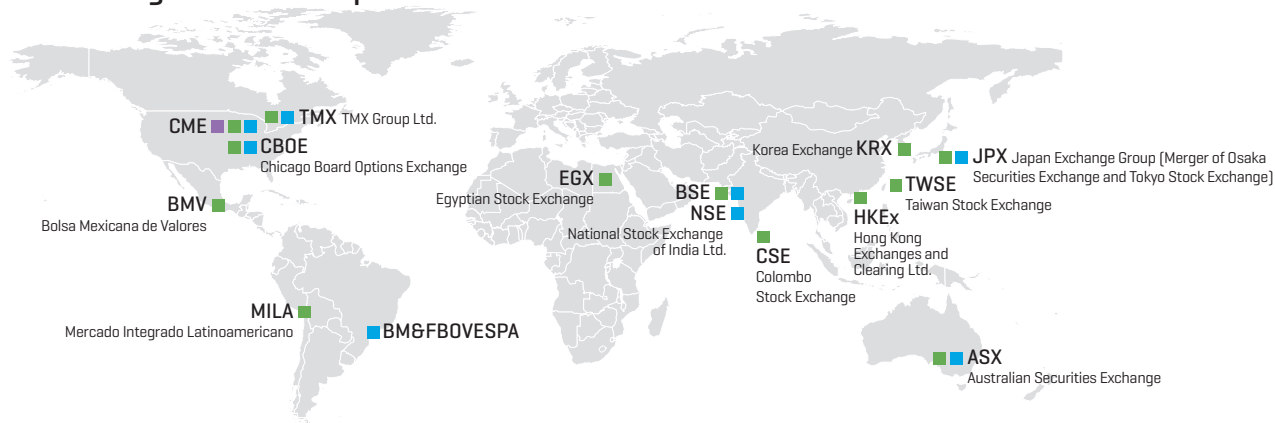
#### Asia Index Private Limited

A 50-50 partnership between S&P Dow Jones Indices and BSE Ltd., home to the exclusive licensor of the S&P BSE SENSEX, India's most tracked bellwether index.

Exclusive licensor of S&P BSE data and intellectual property rights

Creating new index-based tools that enable global and domestic investors to participate in South Asia's economies

### Exchange Relationships Around the World



## Investable & Benchmark Indices

S&P Dow Jones Indices, the world's leading index provider, maintains a wide variety of investable and benchmark indices to meet an array of investor needs. Its family of indices includes the S&P 500; the Dow Jones Industrial Average; the S&P/Case-Shiller<sup>®</sup>(1) Home Price Indices, the leading measure of U.S. home prices; the S&P Global BMI, an index tracking 10,000 stocks from 26 developed and 20 emerging markets; the S&P GSCI<sup>®</sup>, the industry's leading commodities measure; and the S&P National AMT-Free Municipal Bond Index, the premier investable index for U.S. municipal bonds.

(1) Case-Shiller<sup>®</sup> and Case-Shiller Indexes<sup>®</sup> are registered trademarks of CoreLogic

## S&P Dow Jones Indices Span Asset Classes, Investment Strategies, and Geographic Markets

| Equity   | Fixed Income   | Commodities  | Real Estate  | Specialty  | Strategy  | Volatility  | Theme-Based  | Custom  |
|--|--|--|--|--|---|---|--|---|
| Families of indices for global and local markets, covering approximately 11,000 securities in more than 80 countries with over 20 years of uninterrupted history | Broad market benchmarks measuring exposure to liquid fixed income asset classes as well as less observable segments of the credit market | The S&P GSCI was the first major investable commodity index. It is broad-based and production-weighted to represent the global commodity market beta | Leading measure of U.S. residential real estate prices and the investable universe of publicly traded property companies | Measures that track changes in specialty indicators including healthcare claims, default rates in consumer credit, and the performance of multi-asset-class portfolios | S&P Dow Jones Strategy Indices apply a quantitative framework to an asset class or combination of classes | Leading measures of implied volatility, as well as indices that contain frameworks that attempt to address risk exposure from volatility via weighting or constituent | Equity-based exposure to alternative asset classes and popular investment themes | More than 6,000 headline custom indices calculated and maintained by S&P Dow Jones Indices for derivative and structured product providers, ETF providers, exchanges, asset managers, and pension plans, including: |
| U.S.   | Global   | S&P GSCI   | S&P/Case-Shiller   | Healthcare Claims  | Factor-Based Strategies [Low Volatility, High Beta, Intrinsic Value]                                      | Risk Control  | Infrastructure   | BNP Paribas   |
| Global   | Regional   | Dow Jones Commodity Index  | Property & REIT [Equity]   | Consumer Credit Default  | Dividend Income   | VIX   | Natural Resources  | Credit Suisse   |
| Developed  | Money Market   | S&P WCI  |  | Target Date  | Asset Allocation  |   | Consumer Industries  | First Trust   |
| Emerging   | Inflation Linked   | Strategic Futures  |  | Target Risk  | Quantitative Strategies   |   | Clean/Alternative Energy   | Goldman Sachs   |
| Frontier   | U.S. Treasury  | Equity Based   |  |  |   |   |  | Lyxor   |
| Sector   | U.S. Municipal   | Risk Control   |  |  |   |   |  | Société Générale  |
| Style  | Corporate  |  |  |  |   |   |  |   |
| Environmental, Social & Governance   | Credit Default Swap  |  |  |  |   |   |  |   |
| Property & REIT  | Senior Loan  |  |  |  |   |   |  |   |
| Shariah  | Preferred & Convertible  |  |  |  |   |   |  |   |

*The S&P 500<sup>®</sup> is the world's most-followed stock market index with \$7.1 trillion in benchmarked assets and \$1.9 trillion\* directly indexed to it*

\* Data as of 12/31/2013



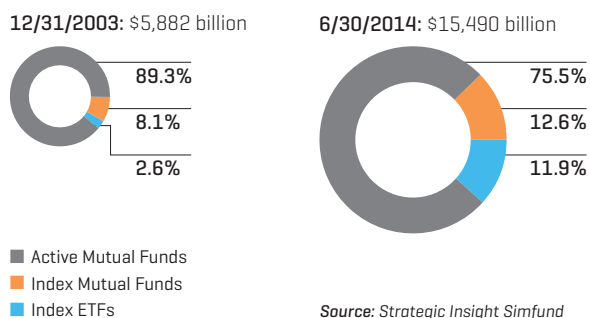
View S&P Dow Jones Indices' SPICE<sup>®</sup> Demo  
Filmed at MHFI's  
2014 Investor Day

investor.mhfi.com

# Rising Popularity of Index Investing

Growing investor demand for index-based passive investments has boosted the share of exchange-traded funds (ETFs) and index mutual funds, taking share away from actively managed mutual funds. In 2003, indexed ETFs and mutual funds represented 11% of total funds invested. By June 2014, they grew to 25%.

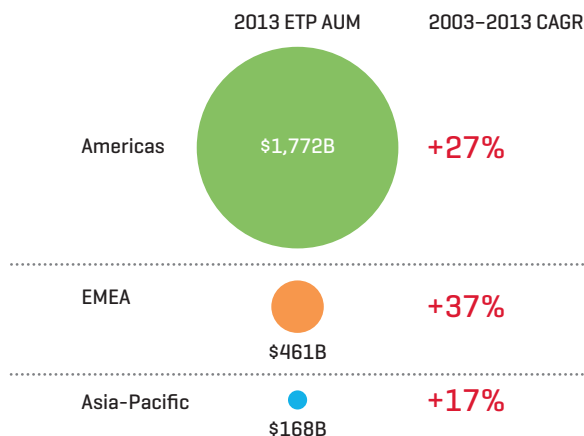
## Passive Funds Taking Share from Actively Managed Funds (ending AUM; dollars in billions)



There was strong growth in the global ETF/exchange-traded product [ETP] market. Assets under management increased 23% year-over-year to \$2.4 trillion in 2013.

## ETP Growth Across Regions

2013 Global Assets Under Management: \$2.4 trillion



## Market Leading, Innovative Index Solutions

**The S&P 500® Dynamic VEQTOR Index** dynamically allocates long-only exposure between the S&P 500, the S&P 500 VIX Short-Term Futures Index, and cash in order to measure broad equity market exposure with an implied volatility hedge. The Index is designed to mitigate risk between equity and volatility and is designed to hedge downside risks in volatile markets.

**S&P Healthcare Claims Indices** track commercial healthcare cost and utilization trends across four lines of business by various U.S. geographies. The indices are calculated using healthcare claims data obtained from leading health insurance companies representing approximately 60 million covered individuals.



## Industry Awards

S&P Dow Jones Indices has been recognized with multiple industry awards in 2013 and 2014, including:

**"Best Islamic Index Provider 2014"**  
The Asset magazine's Triple A Islamic Finance Awards

**"ETF Index Provider of the Year 2013"**  
Asia Asset Management

**"Best Index Website of the Year"**  
ETF.com 2013 Awards

**"Index Provider of the Year"**  
Derivatives Intelligence's 2013 Global Derivatives Awards

**"Indexing Innovation of the Year"** [for S&P 500 Dynamic VEQTOR]  
2013 William F. Sharpe Awards

## Expansion of Emerging Market Indices

To meet the growing demand of global and local investors for index-based domestic investment strategies and benchmarks, S&P Dow Jones Indices has been rapidly expanding its offerings of emerging markets indices. Newly launched indices include:

**African/South Africa Equity Indices:** S&P Dow Jones Indices offers the deepest and most extensive suite of African equity indices currently available to investors. The S&P All Africa headline index is a comprehensive benchmark for the African continent.

**S&P Pan Asia Bond Index** is designed to measure the performance of local-currency-denominated government and corporate bonds from China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan, Thailand, and India, representing a total market value of \$6.3 trillion equivalents as of March 31, 2014.

**S&P/Valmer Mexico Government Bond Indices** were launched in partnership with Valuación Operativa y Referencias de Mercado, S.A. de C.V. ("Valmer"). The S&P/Valmer Mexico Government Bond Indices are comprised of fixed income securities issued in the Mexican market that are categorized as Mexican government securities.

# Index Solutions

Basis for a Range of Investment Vehicles

## Record-Level ETFs Linked to S&P Dow Jones Indices

S&P Dow Jones Indices serves as the basis for ETFs, futures, options, and other investable products around the world. S&P Dow Jones Indices was at the forefront of ETF development when the very first ETF—the S&P 500 SPDR [Standard & Poor’s Depositary Receipts]—launched in 1993. Exchange-traded funds [ETFs]—which represent share ownership of an index fund but trade like shares of stocks—have become some of the most actively traded securities on stock markets around the world.

S&P Dow Jones Indices are the basis for ETFs globally. As of June 30, 2014, assets under management in these 620 ETFs grew to \$719 billion

### Key Milestones

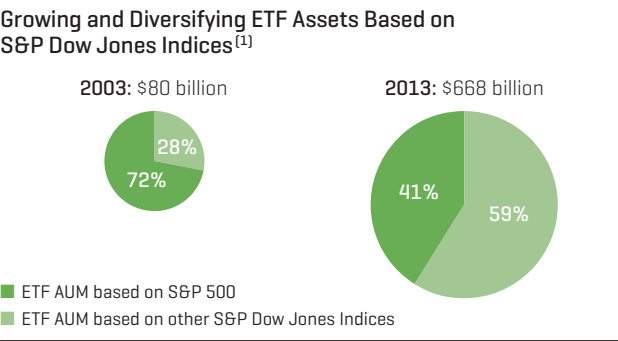
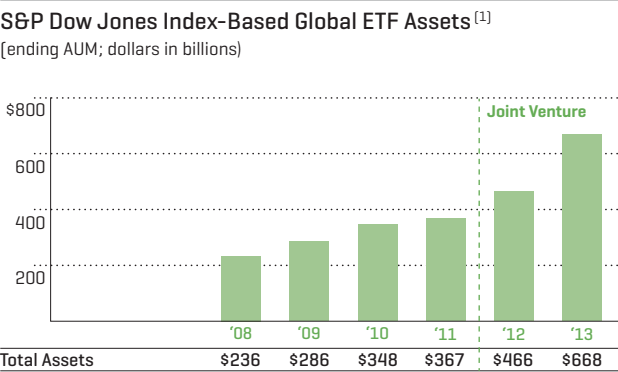
S&P Dow Jones Indices has been a catalyst for some of the last century’s most important financial innovations.

|  |   |   |  |  |  |
|--|---|---|--|--|--|
| <b>1975</b><br>First indexed fund:<br>Vanguard 500<br>Index Fund | <b>1982</b><br>First listed index<br>future: S&P 500<br>index futures<br>on CME | <b>1983</b><br>First listed<br>index option:<br>S&P 100 and<br>S&P 500<br>options on CBOE | <b>1993</b><br>First exchange-<br>traded fund:<br>S&P 500 SPDR | <b>2004</b><br>First volatility<br>derivative:<br>VIX Options<br>Contracts | <b>2012</b><br>Creation of<br>S&P Dow Jones<br>Indices |
|--|---|---|--|--|--|

*The SPDR® S&P 500 (Symbol: SPY) is the world’s largest and most traded ETF with more than \$168 billion\* in assets*

\* Data as of 6/30/2014

## Exchange-Traded Funds

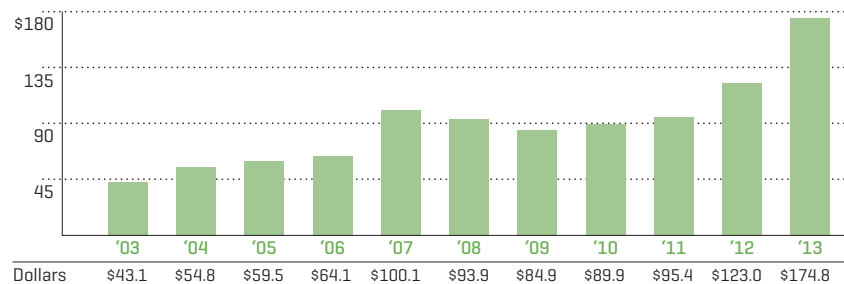


**Notes for pages 36 and 37:**  
[1] Source for S&P Indices: Bloomberg [2008-2013]; Source for Dow Jones Indexes: Bloomberg [2008-2013]. Historical figures from S&P Indices and Dow Jones Indexes for 2008-2011 have been combined for illustration purposes only. The joint venture was launched in June 2012  
[2] Sources: American Stock Exchange [2003-2008]; Bloomberg [2009-2013]  
[3] Sources: American Stock Exchange [2003-2008]; Bloomberg [2009-2013]. Select Sector SPDRs started trading in December 1998  
[4] Source: Bloomberg  
[5] Source: Chicago Mercantile Exchange. E-mini 500 contracts started trading in September 1997  
[6] Source: Chicago Board Options Exchange  
[7] Source: Chicago Board Options Exchange. VIX option contracts started trading in February 2006. Contract volume may be based on preliminary reported volume, rather than cleared volume

## SPDR ETFs

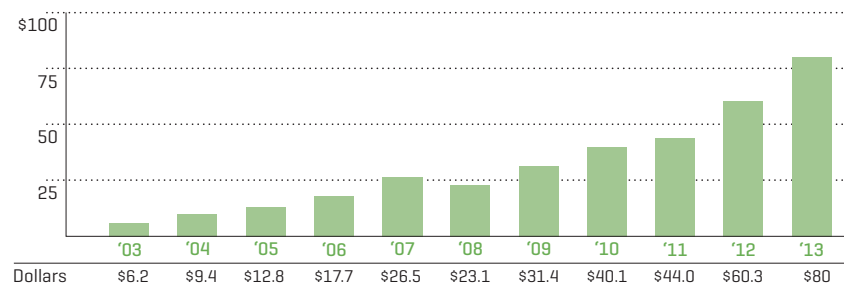
### SPDR S&P 500 [Symbol: SPY]<sup>[2]</sup>

(ending AUM; dollars in billions)



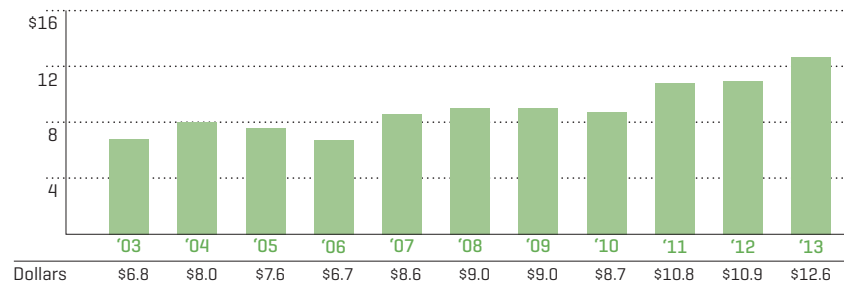
### Select Sector SPDRs (Symbols: XLY, XLP, XLE, XLF, XLV, XLI, XLB, XLK, XLU)<sup>[3]</sup>

(ending AUM; dollars in billions)



### SPDR Dow Jones Industrial Average ETF (Symbol: DIA)<sup>[4]</sup>

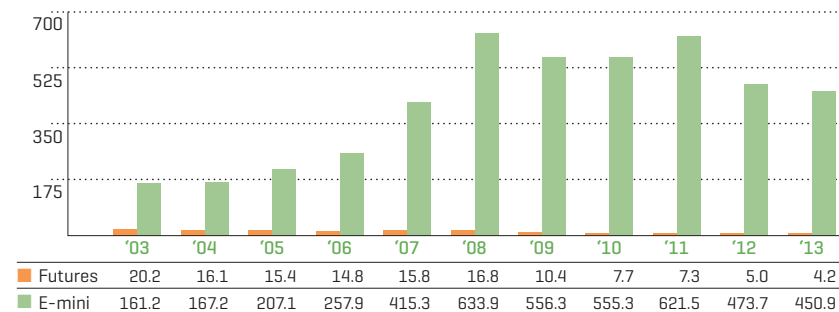
(ending AUM; dollars in billions)



## Listed Derivatives

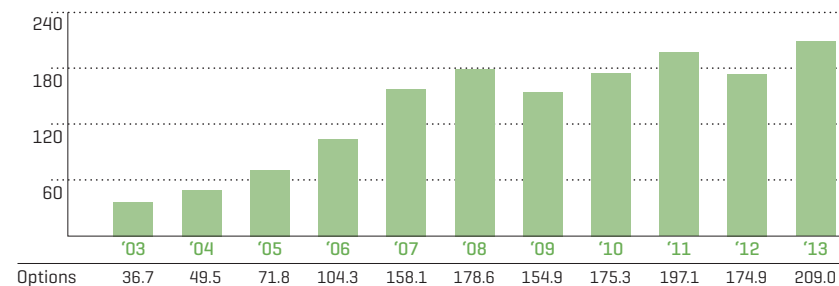
### S&P 500 Futures and "E-mini 500" Contracts Traded on the CME<sup>[5]</sup>

(contracts in millions)



### S&P 500 Option Contracts Traded on the CBOE<sup>[6]</sup>

(contracts in millions)



### VIX® Option Contracts Traded on the CBOE<sup>[7]</sup>

(contracts in millions)

