



Economic Index Associates

Fact Sheet

Nasdaq *IFED* US Large-Cap Low Volatility Index

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Objective

The Nasdaq *IFED* US Large-Cap Low Volatility Index (Nasdaq *IFED-LV*TM) selects its 75 components from the 150 large-cap stocks with the lowest volatility. Stocks are selected and weighted by *IFED Score*, which indicates a stock's alignment with market conditions. Market conditions are identified by gauging Federal Reserve policy signals, and stock *IFED Scores* are based on 12 firm-specific metrics.

Strategy Features

✓ Strong return and down-side risk profile over past 24 years

- Average annual alpha (vs S&P Low Vol) of 3.86%
- Cumulative return of 1728% vs 691% for the S&P Low Vol
- Beat S&P Low Vol 81% of time in rolling 3-yr return (5-yr = 84%)
- Captured 91% of market upside & 37% of downside

Index Approach¹



STARTING UNIVERSE AND STOCK SCORING

- Stocks listed on NYSE or Nasdaq with at least three years of data
- EIA's proprietary market indicator uses Fed policy signals to classify the environment as expansive, restrictive or indeterminate
- Twelve firm-specific metrics are used to assign each stock an *IFED Score*, which reflects the stock's ability to benefit from prevailing market conditions



COMPOSITION & WEIGHTING

- From the 500 largest US stocks, the 150 with the lowest volatility at each rebalance are selected as potential constituents
- From the 150 potential constituents, the 75 stocks with the highest *IFED Scores* are selected
- The 75 stocks in Nasdaq *IFED-LV* are weighted by *IFED Score*



INDEX REBALANCE TIMING

- Nasdaq *IFED-LV* is rebalanced under two conditions:
 - 1) the market environment changes;
 - 2) with no environment change in the six months prior to June 1st, a rebalance occurs based on changes in firm-specific metrics

Index Performance

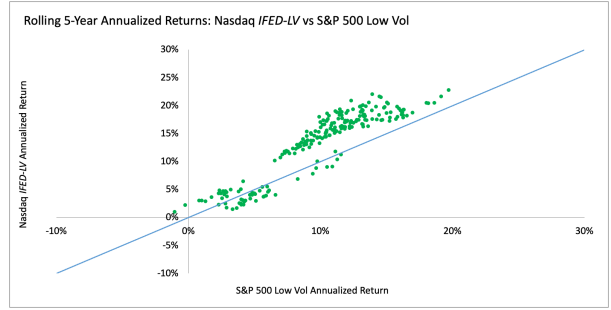
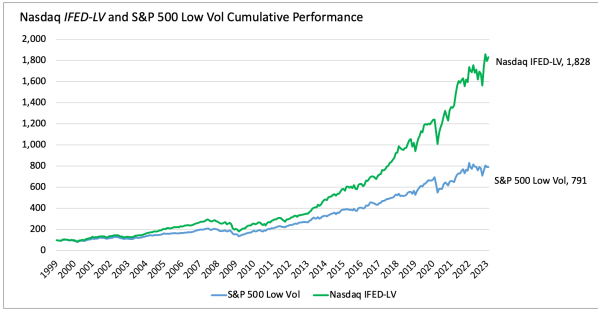
	S&P 500 Low Vol	Nasdaq <i>IFED-LV</i>	Alpha
1999	-7.76%	-2.10%	5.66%
2000	25.03%	32.52%	7.49%
2001	4.37%	6.00%	1.63%
2002	-7.16%	-4.91%	2.25%
2003	22.75%	24.04%	1.29%
2004	17.69%	26.05%	8.36%
2005	2.20%	11.46%	9.26%
2006	19.69%	18.52%	-1.17%
2007	0.58%	1.70%	1.12%
2008	-21.41%	-25.56%	-4.15%
2009	19.22%	24.60%	5.38%
2010	13.36%	9.76%	-3.60%
2011	14.78%	8.22%	-6.56%
2012	10.30%	14.98%	4.68%
2013	23.59%	39.09%	15.51%
2014	17.49%	20.38%	2.89%
2015	4.34%	8.07%	3.73%
2016	10.37%	14.24%	3.87%
2017	17.41%	28.76%	11.35%
2018	0.27%	1.69%	1.42%
2019	28.26%	31.26%	3.00%
2020	-2.09%	9.94%	12.02%
2021	25.46%	27.76%	2.30%
2022	-4.59%	3.26%	7.85%
2023 YTD	0.03%	1.96%	1.93%

NASDAQ *IFED-LV* PERFORMANCE AND SUMMARY STATISTICS

	Nasdaq <i>IFED-LV</i>			Annualized Returns					Summary Statistics			
	1M	3M	YTD	1 yr	3 yrs	5 yrs	10 yrs	Full Period	Beta	Std Dev	Sharpe Ratio	Sortino Ratio
Nasdaq <i>IFED-LV</i>	1.96%	4.88%	1.96%	7.26%	13.77%	13.16%	17.52%	12.82%	0.69	13.13%	0.90	1.59
S&P 500 Low Vol	0.03%	4.04%	0.03%	-0.02%	4.39%	7.99%	10.92%	8.96%	0.58	11.94%	0.67	1.12

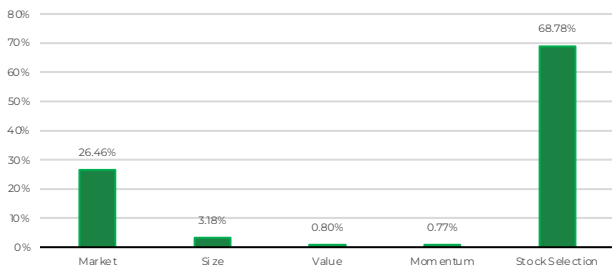
¹ A more detailed description of the Nasdaq *IFED* US Large-Cap Low Vol Index methodology is available on request.

HISTORICAL PERFORMANCE (THROUGH JANUARY 31, 2023)



RETURN ATTRIBUTION (THROUGH DECEMBER 31, 2022)

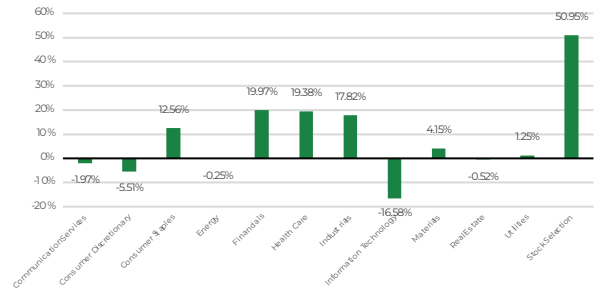
Nasdaq IFED-LV: Alpha Attributable to Factors



Twelve firm-specific metrics are used to select stocks that align with prevailing conditions; thus, factor exposures are incidental, generally small and deviate over time

- 68.78% of alpha is attributable to stock selection

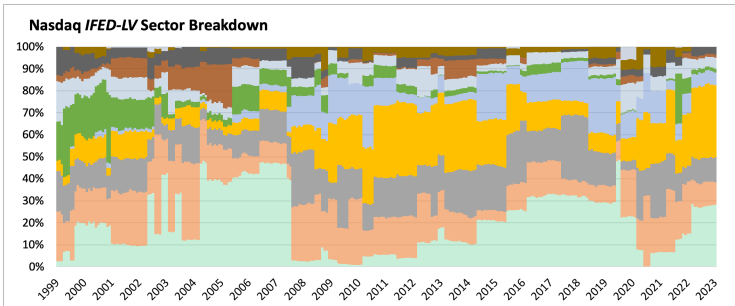
Nasdaq IFED-LV: Alpha Attributable to Sectors



Nasdaq IFED-LV produces alpha by selecting stocks that are aligned with market conditions; it does not maintain any consistent sector bias

- 50.95% of alpha is attributable to stock selection

INDEX COMPOSITION (THROUGH JANUARY 31, 2023)



Average Weight	Sector
0.25%	Real Estate
2.60%	Communication Services
4.06%	Materials
3.53%	Energy
6.29%	Consumer Discretionary
5.87%	Utilities
8.84%	Information Technology
16.01%	Health Care
15.90%	Industrials
16.81%	Consumer Staples
19.85%	Financials

Largest 10 Holdings at Market Close January 31, 2023

1	McKesson Corporation	3.92%
2	MetLife, Inc.	3.03%
3	AmerisourceBergen Corporation	3.01%
4	Elevance Health Inc.	3.01%
5	PACCAR Inc	2.97%
6	Cardinal Health, Inc.	2.92%
7	Willis Towers Watson Public Limited Company	2.92%
8	Expeditors International of Washington, Inc.	2.89%
9	Travelers Companies, Inc.	2.83%
10	Aflac Incorporated	2.58%

Sector Composition at Market Close January 31, 2023

Health Care	32.67%
Financials	28.27%
Industrials	11.32%
Consumer Staples	10.20%
Information Technology	5.81%
Consumer Discretionary	5.16%
Materials	3.51%
Utilities	1.68%
Energy	1.39%
Communication Services	0.00%
Real Estate	0.00%