S&P Dow Jones Indices

A Division of S&P Global

CONSULTATION

S&P Target Risk Index Series Consultation on Rebalancing Frequency and Component Allocations

NEW YORK, AUGUST 31, 2017: S&P Dow Jones Indices ("S&P DJI") is conducting a consultation with members of the investment community on potential changes to the S&P Target Risk Index Series.

Rebalancing Frequency. Currently, the index series rebalances annually. S&P DJI is proposing to move to a semi-annual rebalancing schedule, with rebalancing weights effective after the market close on the last business day of October and April. The reference data used in the rebalancing would be as of the last business day of September and March.

Currently, the index is made up of ETFs representing various Asset Classes, as detailed below:

Asset Class		ETF	Ticker
Equities – Developed Markets	U.S. LargeCap	iShares Core S&P 500 ETF	IVV
	U.S. MidCap	iShares Core S&P Mid-Cap ETF	IJH
	U.S. SmallCap	iShares Core S&P Small-Cap ETF	IJR
	Asia Pacific	iShares Core MSCI Pacific ETF	IPAC
	Europe	iShares Core MSCI Europe ETF	IEUR
Equities – Emerging Markets	Emerging Markets	iShares Core MSCI Emerging Markets ETF	IEMG
Fixed Income	Broad Market	iShares Core Total USD Bond Market ETF	IUSB
	U.S. Treasuries	iShares U.S. Treasury Bond ETF	GOVT
	U.S. Investment Grade Corporates	iShares U.S. Credit Bond ETF	CRED
	International Aggregate Bonds	iShares Core International Aggregate Bond ETF	IAGG

Equities – Developed Markets Allocations. S&P DJI is proposing to replace the iShares Core MSCI Pacific ETF (IPAC) and iShares Core MSCI Europe ETF (IEUR) components with a new component; iShares Core MSCI Intl Developed Markets ETF (IDEV). Please note that the weighting allocation process for the iShares Core MSCI Intl Developed Markets ETF (IDEV) component would be performed in exactly the same manner as for the iShares Core MSCI Pacific ETF (IPAC) and iShares Core MSCI Europe ETF (IEUR) components.

S&P DJI also proposes adding a new component, iShares Core U.S. REIT ETF (USRT). This component uses the S&P United States REIT (US Dollar) (Index Code SPCBMICUSREITUSD) as a reference index. The weight of this component would be determined using the same method currently used, based on relative proportions of index float-adjusted market capitalizations as detailed below in part 2, sections b and c of the current index methodology, but would include the S&P United States REIT (US Dollar) Index. The current methodology reads:

b. Within developed markets, the relative weighting of the U.S., Europe, and Asia Pacific markets is determined based on the relative proportions of the float-adjusted market capitalization of the U.S. dollar versions of the S&P United States BMI, S&P Europe BMI, and S&P Asia Pacific BMI within the S&P Developed BMI.

c. The weight of the U.S. market determined in step (b) is split among the capitalization sizes (large, mid, and small) in relative proportion of the float-adjusted market capitalization of the S&P 500, S&P MidCap 400, and S&P SmallCap 600.

For the complete S&P Target Risk Index Series methodology, please refer to the document available on our website, www.spdji.com.

Fixed Income. S&P DJI is proposing to remove the iShares Core U.S. Treasury Bond ETF (GOVT) and iShares Core U.S. Credit Bond ETF (CRED) components; their consolidated weight would be represented by current component iShares Core Total USD Bond Market ETF (IUSB).

Please see the proposed new components detailed in the chart below:

Asset Class		ETF	Ticker
Equities – Developed Markets	U.S. LargeCap	iShares Core S&P 500 ETF	IVV
	U.S. MidCap	iShares Core S&P Mid-Cap ETF	IJH
	U.S. SmallCap	iShares Core S&P Small-Cap ETF	IJR
	U.S. REIT	iShares Core U.S. REIT ETF	USRT
	Developed Ex-U.S.	iShares Core MSCI Intl Developed Markets ETF	IDEV
Equities – Emerging Markets	Emerging Markets	iShares Core MSCI Emerging Markets ETF	IEMG
Fixed Income	Broad Market	iShares Core Total USD Bond Market ETF	IUSB
	International Aggregate Bonds	iShares Core International Aggregate Bond ETF	IAGG

QUESTIONS:

1. **Do you agree with the proposal to change the index series rebalancing schedule from annual to semi-annual?**
2. **Do you agree with the proposal to replace the equity components iShares Core MSCI Pacific ETF (IPAC) and iShares Core MSCI Europe ETF (IEUR) with a new equity component, iShares Core MSCI Intl Developed Markets ETF (IDEV)?**
3. **Do you agree with the proposal to add the new equity component iShares Core U.S. REIT ETF (USRT), employing the proposed weighting scheme?**
4. **Do you agree with the proposal to remove the fixed income components iShares Core U.S. Treasury Bond ETF (GOVT) and iShares Core U.S. Credit Bond ETF (CRED), and have their consolidated weight represented by current component iShares Core Total USD Bond Market ETF (IUSB)?**
5. **Do you have any further questions or comments related to the above proposals in this consultation?**

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. Your responses will be kept confidential. Please respond to this survey by **OCTOBER 02, 2017**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI will consider the issues and may request clarifications from respondents as part of that review. Alternative options to the proposed questions after the deadline require that the consultation be re-opened to the public.

To participate in this consultation, please respond to S&P DJI at index_services@spglobal.com.

CONSULTATION

Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit *www.spdji.com*.

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has become home to over 1,000,000 indices across the spectrum of asset classes that have helped define the way investors measure and trade the markets.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit *www.spdji.com*.

FOR MORE INFORMATION:

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