

## RATING REPORT

**BNP Paribas US Governance Multi Asset Index**

AS OF: May 01, 2024

INCEPTION DATE: May 25, 2022

**SPONSOR:** BNP Paribas**FEE:** 50 bps**TOTAL ASSETS:** Please contact us for details.**TICKER:** BNPIUGMA**STYLE INFORMATION:** ESG**REPLICATION PROCESS:** Derivative**INDEX TYPE:** Excess Return**WEIGHTING SCHEME:** Volatility Control**UNDERLYING REGION:** Global**BLOOMBERG TICKER:** BNPIUGMA Index**ASSET CLASS:** Multi Asset/Rates**REGION DISTRIBUTED:** United States**WHAT YOU NEED TO KNOW**

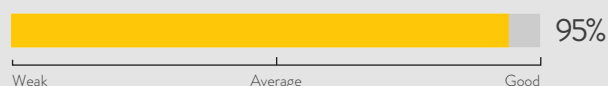
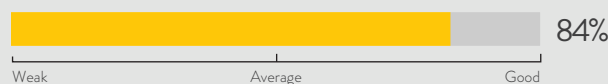
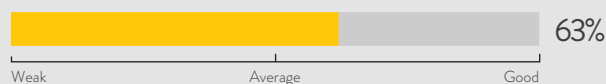
Silver indices are determined to be in the medium tier, scoring positively in most categories judged to be critical by The Index Standard. Institutional Shareholder Services are well-known for their insights in this field as they advise on voting and board governance, so this is a good use of their data. Free cash flow is a proven factor and low volatility has academic backing, making the equity construction solid in our view. The MVO-like process aims to maximize returns for a given level of portfolio volatility, using past 1-year returns as a guide. Using MVO for the asset allocation is appropriate as this is a widely used methodology with generally good results. There is a reasonably broad range of different asset classes for the index to allocate across. The performance of the long/short commodity overlay can be inconsistent, but the allocation has historically been small. The fee is in line with other similar indices.

**ABOUT THE INDEX**

The index seeks to identify a basket of 50 US stocks with good corporate governance and good growth prospects. BNP Paribas use the Governance "QualityScore" of Institutional Shareholder Services to select 150 liquid stocks, from which the 50 with strongest free cash flow and lowest volatility are selected. The index then adds 10-year US, European and Japanese government bond futures, gold and commodities (ex-agriculture and livestock), using a form of mean variance optimization (MVO) to identify the "best" weights. To this the index adds a fixed 20% allocation to a commodity carry strategy, designed to enhance returns by going long and short on different commodity futures ("short" means one gains if the price falls). Finally, the index applies a volatility control mechanism with a 5% target. The index exposure can range from 0% to 200% and comes with a fee of 50bps.

**KEY INDEX STANDARD CATEGORIES**

The graphs below show how the index or ETF scores in the categories The Index Standard® deems to be critical. A higher score is better and we show these as percentages. Please see the glossary at the end for more details.

**Capital at Risk Metrics****Efficiency Metrics****Return Metrics****Risk Metrics****Robustness Metrics****Transparency Metrics**

## KEY POINTS

Number of Holdings (Circa)

Varies (Up to 7 Indices covering equities, bonds and commodities. Cash is overlaid)

Potential for wide Bid/Offer spreads

Low

Current Attractiveness

Neutral

Is this concentrated in the Top 10? (Exceeds 20%)

No

Does this have Sector concentration? (Exceeds 20%)

No

Does this have Country concentration? (Exceeds 20%)

No

## BNP Paribas US Governance Multi Asset Index

	YTD	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Returns*	-0.13%	3.96%	-2.08%	-0.93%	2.31%	3.66%
Volatility		4.68%	4.71%	4.81%	5.00%	4.87%
Ann Return/Volatility		1.69	-0.44	-0.19	0.46	0.75

## BENCHMARK PERFORMANCE

S&amp;P 500 Price Return Index

	YTD	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Returns*	5.57%	20.07%	20.78%	6.39%	11.32%	9.14%
Volatility		11.14%	11.44%	17.04%	20.99%	17.47%

\* Returns for 3, 5, 10 years are annualized

## KEY METRICS &amp; DRAWDOWNS

Beta	0.40
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Dividend Yield	No
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Max Drawdown 3 years	-12.28%
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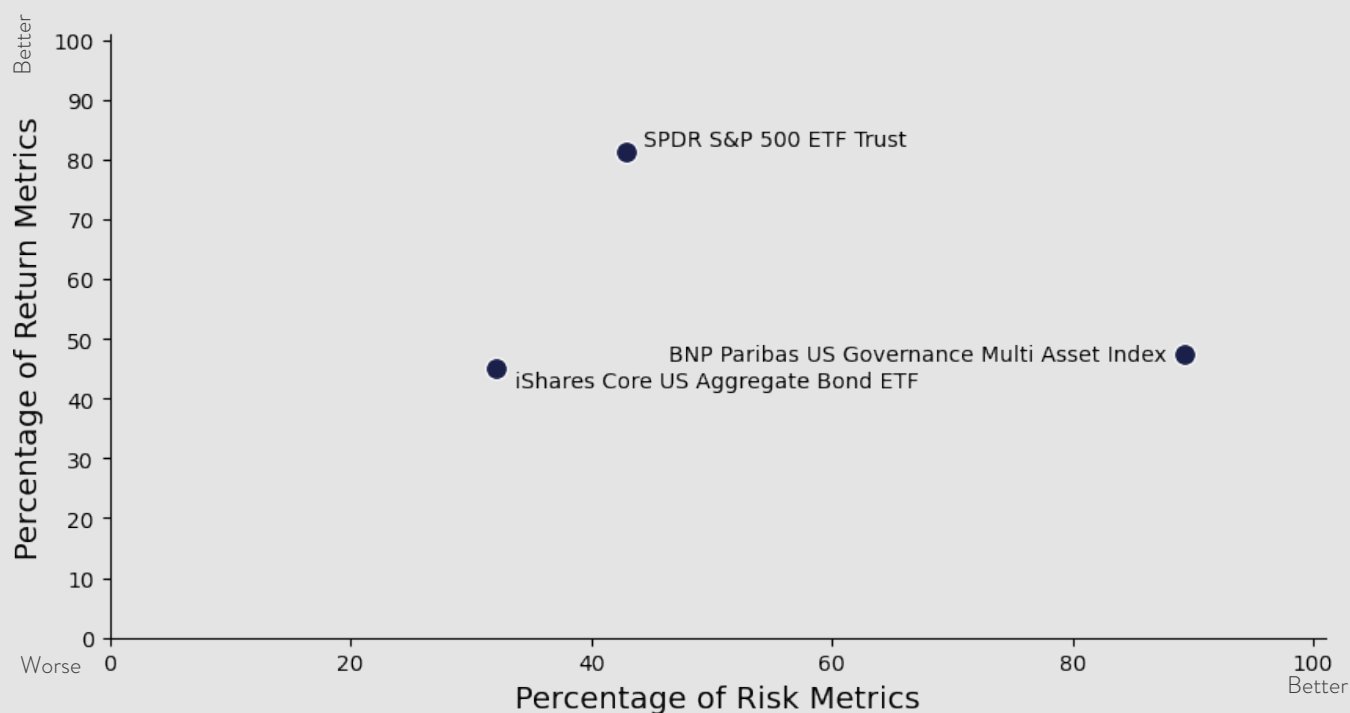
Max Drawdown Overall	-12.28%
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Max Drawdown Recovery Days	529
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\* Calculated using data starting at the later of the index base (backtest start) date and 1st Jan 2000

## CATEGORY METRIC COMPARISON

This graph shows the particular index or ETF on The Index Standard®'s key categories. We show the return scores as a percentage, higher is better. We combine all our risk scores to show one composite risk score, again, higher is better.



## MOST SIMILAR ETF / INDICES

S&P MARC 5% Excess Return Index, ticker SPARC5P Index

S&P MARC 5% Total Return Index, ticker SPARC5T Index

Goldman Sachs Momentum Builder Multi-Asset Index, ticker GSMBMA5 Index

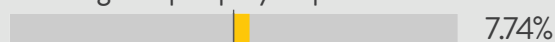
Goldman Sachs Momentum Builder Multi-Asset 5S ER Index, ticker GSMBMA5S Index

BNP Paribas Momentum Multi Asset 5 Index, ticker BNPIMOMA Index

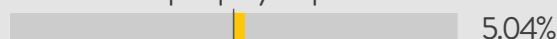
## FACTORS

The Index Standard® runs a comprehensive analytical process to narrow down the characteristics of each index. We determine how much of the index performance can be attributed to various investment factors. A positive number means it leans on the factor and a negative number means it is not related to this factor.

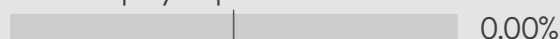
### US Large Cap Equity Exposure



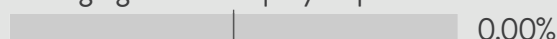
### US Small Cap Equity Exposure



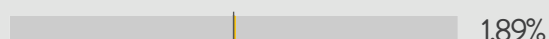
### EAFE Equity Exposure



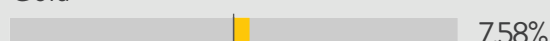
### Emerging Market Equity Exposure



### Commodities



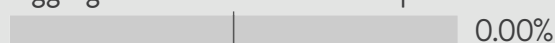
### Gold



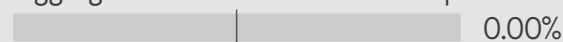
### Treasury US Fixed Income Exposure



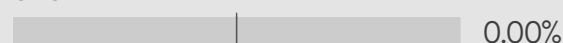
### Aggregate US Fixed Income Exposure



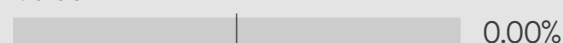
### Aggregate Global Fixed Income Exposure



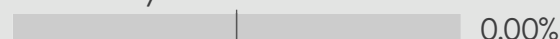
### Size



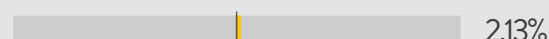
### Value



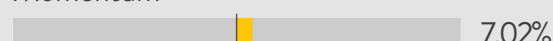
### Profitability



### Investment



### Momentum



### Index Design Benefit (Alpha)



## Glossary on The Index Standard® Rating Categories.

**Robustness Metrics:** This category helps us to understand the number and type of parameters used in the index, and the tradability in times of market stress, and the erosion of returns to due to tradability considerations. In addition, this metric assists us in understanding the validity of our results and should not be ignored by readers.

**Transparency Metrics:** This is a qualitative scorecard metric that explores the "small print", such as hidden fees or costs, as well as adherence to IOSCO principles.

**Capital at Risk Metrics:** This is a critical category for readers concerned with avoiding capital losses. Volatility is not an all-encompassing measure. It can be deceptive at times. The value at risk metric and drawdowns are critical inputs into this category.

**Risk Metrics:** This is an important category for us. We evaluate each index with several key risk and volatility metrics.

**Efficiency Metrics:** We evaluate several efficiency metrics to determine an Index's ability to balance off return and risk attributes and deliver returns commensurate with these risks.

**Return Metrics:** We analyze several critical return-related metrics, such as annualized returns, skew, and kurtosis. This category should not be viewed in isolation but balanced off with performance and risk.

For further information, please contact us at [info@theindexstandard.com](mailto:info@theindexstandard.com)

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