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About the Indicator

The Standard & Poor's Financial Trends Indicator (FTI) is a diversified composite of eight, highly liquid global financial futures designed to measure the extent and duration of price movements and volatility among its components which are positioned long or short. The S&P FTI rules-based methodology captures in aggregate both the upward and downward price trends of its components. The index is not intended to be representative of a particular futures market or group of markets.

Methodology

Limiting the volatility of the indicator was a key factor in the determination of the S&P FTI's methodology. The components of the S&P FTI have a low correlation since they are diverse and not necessarily affected by the same fundamentals. Since futures contracts have limited durations, the S&P FTI is a "rolling indicator."

Components of the indicator are chosen primarily on the basis of liquidity and global importance given that liquidity is used as an indication of the significance of a particular market and all of the components of the indicator are consistently in the lists of top contracts traded globally. Contracts are limited to those traded on U.S. exchanges to minimize any impact from major differences in trading hours, to avoid currency exchange calculations, and to allow for similar closing times and holiday schedules.

Highlights

- *Rules-Based Methodology*
 - Weights are determined by GDP tiers using a \$3 Trillion breakpoint.
 - Tier 1 financials are meant to be close in weight.
 - Tier 2 financials are weighted approximately proportionate to each other.
 - Components are rebalanced monthly to their fixed weights.

- *Short Components Tend to Capture Financial Cyclicalities*
 - The S&P FTI tends to be affected by declining price trends as it positions its components short. The shorting of a downtrend tends to smooth the performance of the S&P FTI.
- *Long/Short Tends to Create a Low Volatility Indicator*
 - The long/short nature of the S&P FTI is designed to create a smooth and relatively low volatility return stream.
- *Measures Trends and Volatility*
 - The S&P Financial Trends Indicator applies a long/short methodology that is designed to measure price trends and volatility in the financial futures market.

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Designed to measure the extent and duration of price movements and volatility among its long/short components.

10 Year Performance

	S&P FTI PR	S&P FTI TR
Annual Stats		
Compound Annual	1.63%	4.97%
Annualized STD	5.10%	5.15%
Sharpe Ratio	-0.31	0.33
Maximum Drawdown	-13.26%	-11.94%

Monthly Stats

Median 1-mo Return	-0.02%	0.35%
Avg 1-mo Return	0.15%	0.42%
Raw Monthly STD	1.47%	1.49%
# of Monthly Profits	59	74
# of Monthly Losses	61	46
% Wins	49.17%	61.67%
Avg 1-mo Loss	-0.97%	-1.02%
Worst 1-mo Period	-3.92%	-3.84%

Rolling 12-month Stats

Median 12-mo Return	1.92%	5.90%
Avg 12-mo Return	1.82%	5.22%
# of 12-mo Profits	83	92
# of 12-mo Losses	26	17
% Wins	76.15%	84.40%
Avg 12-mo Loss	-3.88%	-4.37%
Worst 12-mo Period	-10.51%	-9.63%

Annual Returns 1/1999-12/2008

1999	4.23%	9.40%
2000	2.43%	8.77%
2001	2.01%	5.94%
2002	6.30%	8.08%
2003	1.49%	2.59%
2004	-5.13%	-3.94%
2005	0.97%	3.92%
2006	-0.97%	3.57%
2007	3.79%	8.70%
2008	1.61%	3.44%

Tickers

BLOOMBERGSM

S&P Financial Trends Indicator	
Price Return	SPFTPR
Total Return	SPFTTR

S&P Financial Trends Indicator Tracker Series	
Price Return	SPFTNV
Total Return	SPFTNV

S&P Indicators

S&P Financial Trends Indicator

10 Year Historical Performance - Indicative for Indicator only, not Tracker Series



Long Financials Weightings

Australian Dollar	4.00%
British Pound	10.00%
Canadian Dollar	2.00%
Euro	26.00%
Japanese Yen	24.00%
Swiss Franc	4.00%
U.S. T-Notes	15.00%
U.S. T-Bonds	15.00%
	100.00%

