



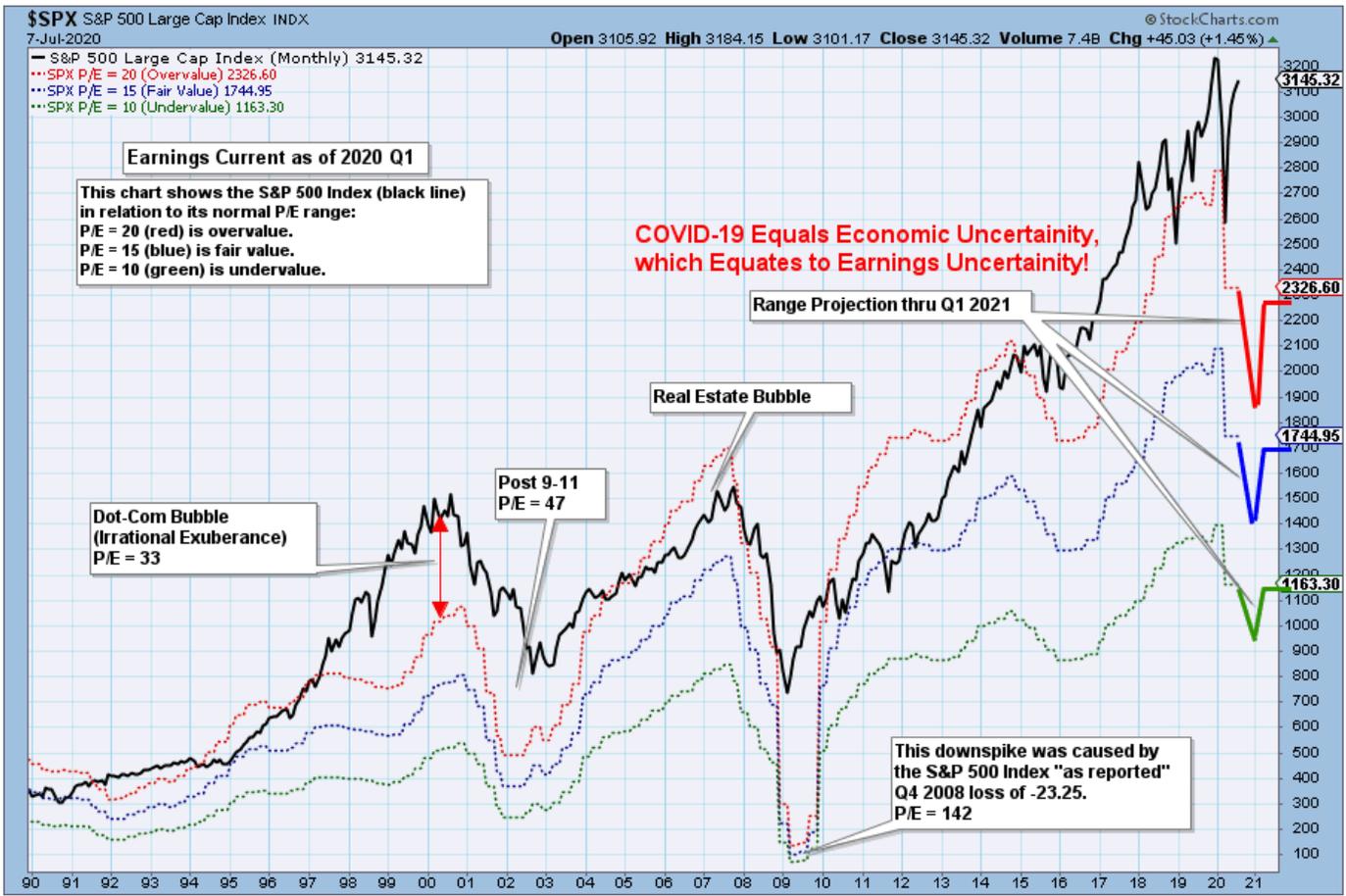
Arrow Insights (AI) Announces Reconstitution Postponement for the AIQVM Index

Arrow Insights (AI) announces that the semi-annual reconstitution of the QVM equity component within the AIQVM Index scheduled to take effect prior to the open on Monday, August 3, 2020 is being postponed. The effective date of the reconstitution will be Thursday, December 31, 2020. The scheduled rebalancing of the index will be made prior to the open on Monday, August 3, 2020.

The postponement is due the extremely wide guidance and delays in the delivery of corporate operating and financial metrics used in the security selection and the rebalance processes. For example, variance of consensus earnings estimates among financial analysts primarily due to the uncertainty created from the economic impacts of the COVID-19 pandemic make it difficult to have confidence in the value and growth factors employed in the index.¹

Figure 1 plots the S&P 500 Price Index (SPX) when it is overvalued, fairly valued, and undervalued on a price-to-earning basis (P/E). The red line tracks P/E's of 20, which when it becomes over-valued, the blue line tracks fair valued P/E's of 15, while the green line tracks undervalued P/E's of 10. The right side of the Figure 1 shows a projected SPX price range based on earnings estimates for the next four quarters, through 2021 Q1.

Figure 1 – First Quarter 2020 – SPX Earnings – Highly Uncertain



Courtesy of www.StockCharts.com.

Figure 1 shows estimates as of July 7, 2020 for an overvalued, fair, and undervalued SPX price range from 1870 to 2336, 1400 to 1745, and 925 to 1163, respectively.

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Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized.

¹ The pandemic is hampering the ability of institutional investors to fully perform all the preparation work required ahead of the implementation of index processes. Below are two examples of announcement by index providers to postpone their index processes resulting from the impacts related to the COVID-19 pandemic.

MSCI Inc. (NYSE: MSCI), a provider of indexes, announced in 2020 Q2 that it will postpone the implementation of the reclassification of the MSCI Kuwait Indexes to Emerging Markets until the November 2020 Semi-Annual Index Review (SAIR).

S&P Dow Jones Indices (“S&P DJI”) announced on March 23, 2020 the postponement of March 2020 rebalancing to the end of April and June 2020. For more information, visit www.spdji.com. The following index family categories would be impacted by this proposal:

- Factor Indices (e.g. High Beta, Low Volatility, Min. Volatility, Momentum, Risk Weighted)
- S&P GIVI Indices
- Equal Weighted Indices
- Global, Regional, and Country Benchmarks
- Sector and Industry Benchmarks
- Shariah and Islamic Indices
- Dividend and Yield Indices
- Carbon, certain ESG, Fossil Fuel Free, and Sustainability Indices
- Thematic Indices (ADR, Agribusiness, Forestry, Infrastructure, Internet, Metals & Mining,
- Real Estate/Property, Revenue Weighted, Titans)