

IS DEFINED VOLATILITY A FORWARD LOOKING INDICATOR?

The Syntax Defined Volatility Triple Qs Index

What is Defined Volatility?



The Syntax Defined Volatility Triple Qs Index (**SYDVTQ**) is designed to target a constant level of volatility for QQQ across market conditions by employing swaps to increase exposure in low-volatility environments and allocating to cash in high-volatility environments.

SYDVTQ dynamically adjusts exposure to cash and QQQ based on recent market conditions.

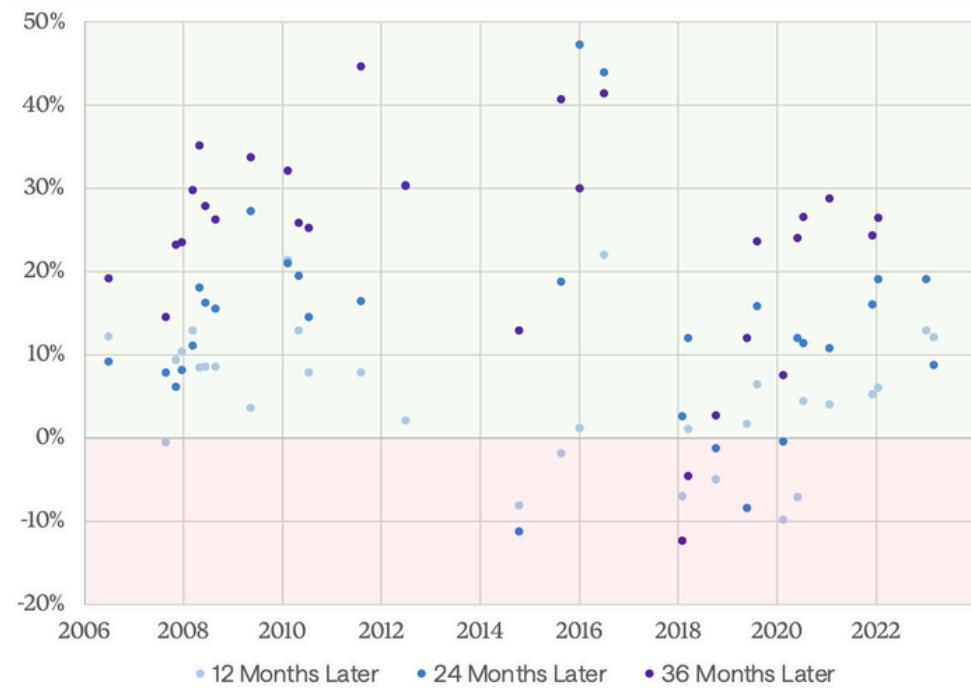
How has defined volatility performed **following a switch to cash**? Using backtested data, we identified 30 historical periods where the modeled index allocated to cash.

The chart to the right shows that modeled forward returns are generally positive. In the majority of modeled cases, **SYDVTQ outperforms the Nasdaq 100** following a switch to cash, underperforming in a handful of backtested cases over 12, 24, and 36 month windows.

As the table below shows, modeled outperformance has, on average, been strong following periods of adding cash exposure to the index.

What Has Happened After Allocating to Cash ?

SYDVTQ vs. Nasdaq 100 Modeled Outperformance after Cash Switch Signal



Cumulative modeled total return outperformance of SYDVTQ vs. Nasdaq 100 in the 12, 24, and 36 months following days when SYDVTQ allocation to cash becomes greater than 0%, considering only the first such day in a rolling 21 trading day window. Returns for periods greater than one year are not annualized. Modeled performance reflects the assumed 65 basis point fee for the QQQ ETF swap and the overnight lending rate for SYDVTQ but does not reflect fees or implementation costs beyond the assumed 65bp swap fee and overnight lending rate, as an investor cannot directly invest in an index. Please see important disclaimers regarding backtested data. Source: Syntax Data, Nasdaq.

Obs.	12 Months Later			24 Months Later			36 Months Later			
	SYDVTQ	Nasdaq 100	Diff.	SYDVTQ	Nasdaq 100	Diff.	SYDVTQ	Nasdaq 100	Diff.	
Mean	31	18.75%	13.44%	5.31%	50.09%	35.94%	14.15%	79.34%	56.02%	28.26%
Median	31	18.98%	20.86%	6.06%	54.65%	41.83%	14.52%	83.16%	59.55%	26.27%

Average and median modeled cumulative total return of SYDVTQ, Nasdaq 100, and their difference in the 12, 24, and 36 months following days when SYDVTQ allocation to cash becomes greater than 0%, considering only the first such day in a rolling 21 trading day window. "Diff." shows the mean and median of the difference in observed period returns. Modeled returns for periods greater than one year are not annualized. Performance reflects the assumed 65 basis point fee for the QQQ ETF swap and the overnight lending rate for SYDVTQ but does not reflect fees or implementation costs beyond the assumed 65bp swap fee and overnight lending rate, as an investor cannot directly invest in an index. Please see important disclaimers regarding backtested data. Source: Syntax Data, Nasdaq.





If market **volatility** is a concern,
Defined Volatility indices like SYDVTQ may be
a timely and accessible **solution**

About Syntax

Syntax LLC is a financial data and technology company that codifies business models into a relational system called Affinity® Data. Using its patented FIS® technology inspired by the systems sciences, Affinity® Data offers the most comprehensive, granular, and accurate product line revenue data available on public companies in the market. This technology is leveraged to classify and analyze private markets at scale. Syntax Direct™ then uses this abundance of data to facilitate the near instantaneous creation and ongoing management of boundless direct indexing solutions and rules-based equity portfolios through a fully automated platform. Syntax Indices provides customized and proprietary indices, including core global benchmarks and micro- and macro-thematic, smart beta, defined outcome, and target volatility indices. These indices are foundational for a range of financial products, such as ETFs, UITs, and structured products.

Important Disclaimers

Past performance is no guarantee of future results. All performance provided on the Syntax Defined Volatility Indices prior to index inception is backtested. The inception date of the Syntax Defined Volatility Triple Qs Index was September 30, 2024. Backtested performance is not actual performance but is hypothetical and is suitable only for institutional audiences. Backtested performance may not be predictive of actual or future performance. Backtested data may reflect the application of the index methodology with the benefit of hindsight, and the historic calculations of an index may change from month to month based on revisions to the underlying economic and/or financial data used in the calculation of the index. Charts and graphs are provided for illustrative purposes only. Nasdaq® is a registered trademark of The Nasdaq Stock Market, Inc. Syntax® is a registered trademark of Syntax, LLC and/or its affiliates.

Index performance does not represent actual fund or portfolio performance, and such performance does not reflect the actual investment experience of any investor. An investor cannot invest directly in an index. In addition, the results actual investors might have achieved also would have differed from those shown because of differences in the timing, amounts of their investments, and fees and expenses associated with an investment in a portfolio invested in accordance with an index. Neither the Defined Volatility Index nor the benchmark indices portrayed herein charge management fees directly to end investors or incur brokerage expenses, and no such fees, implementation costs or expenses were deducted from the performance shown, other than the assumed 65 basis point swap fee and overnight lending rate for the Syntax Defined Volatility Indices; provided, however, that the returns of any investment portfolio invested in accordance with such indices would be net of such fees, implementation costs and expenses. Additionally, none of these indices lend securities, and no revenues from securities lending were added to the performance shown.

This research document is for informational purposes only and is not intended to be, nor should it be construed or used as an offer to sell, or a solicitation of any offer to buy, any security or investment vehicle, nor should it be redistributed. Additionally, the information herein is not intended to provide, and should not be relied upon for, legal advice, tax advice, financial advice, or investment advice. You should make an independent investigation of the matters described herein, including consulting your own advisors on the matters discussed herein. In addition, certain information contained in this research document has been obtained from published and non-published sources prepared by other parties, which in certain cases have not been updated through the date hereof. While such information is believed to be reliable for the purpose used herein, such information has not been independently verified by Syntax and Syntax does not assume any responsibility for the accuracy or completeness of such information or for updating such information. Syntax LLC, its affiliates and their independent providers are not liable for any informational or technical errors, incompleteness, or delays, or for any actions taken in reliance on information contained herein. This document and the information it contains should not be reproduced, redistributed, or used without the prior written consent of Syntax LLC. Distribution of Syntax data and the use of Syntax indices, data, software, or technology to create financial products require a license with Syntax and/or its licensors. Investments are not FDIC insured, may lose value and have no bank guarantee.

