
OCTOBER 1, 2024

**AGENDA ITEM 6
INFORMATION ITEM**

CALIFORNIA ABLE ACT BOARD

Review of CalABLE Program Performance for the Second Quarter 2024

Background

The CalABLE Act Board and its program administrator, Vestwell State Savings, LLC, will review the “Quarterly Investment Performance Report” for the CalABLE Plan for the Second Quarter 2024. This will include:

- Program Overview
- Mobile App Update
- Weather Boosters Update

Presenters

David Bell, Vice President, Vestwell State Savings, LLC
Bret Valerio, Senior Portfolio Manager, BNY Advisors

Attachments

- Attachment #1 – CalABLE Performance Report (2Q24)
- Attachment #2 – CalABLE Investment Advisors Report (2Q24)

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Board Meeting

September 17, 2024



AGENDA



Program Overview



Mobile App



Weather Boosters

Overview

Q2 2024

- Program Overview
 - Strong growth in New Accounts
 - Up 5.3% from last quarter
 - Up 22.6% from last year
 - Assets continue to grow
 - Up 5.7% from last quarter
 - Up 37.5% from last year
 - Expected fluctuations in account activity
 - Contributions
 - Down 24.3% from last quarter
 - Up 24.1% from last year
 - Distributions
 - Down 1.9% from last quarter
 - Up 25.4% from last year

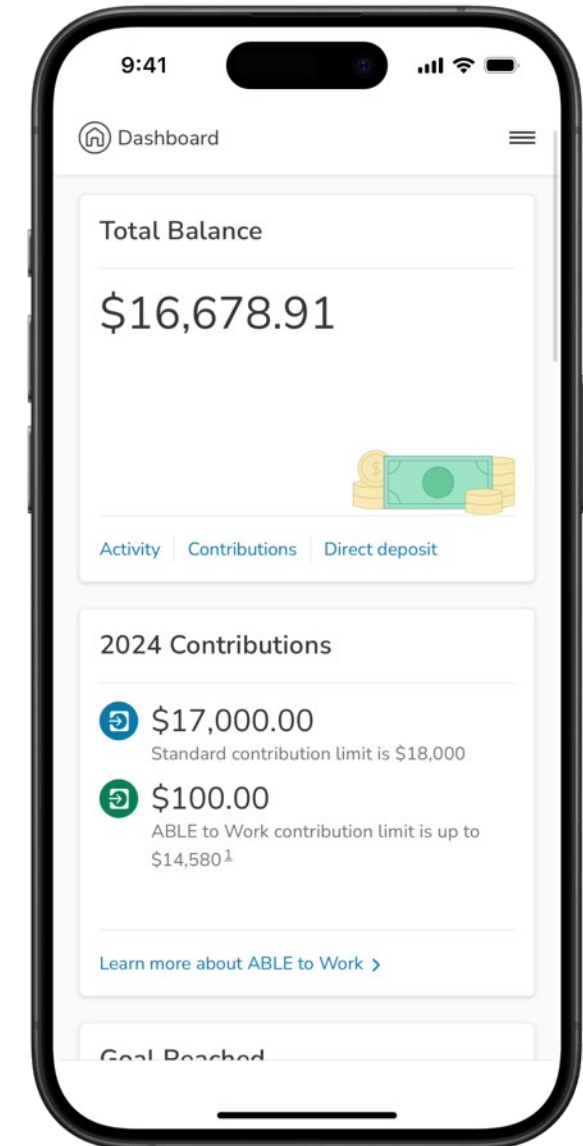
Sneak Peak

Mobile App

Mobile App

Apple version in early September

- Provides all functionality found in our online platform
- Same high level ADA Compliance as the website
- State customization available in 2025
- Android version available in 2025



Feature Update

Weather Boosters

**CalABLE**

Joona Hamad9915

Overview

Activity ▾

Documents ▾

Investments

Transfers

Settings ▾

**EVENT CONTRIBUTIONS**

Weather contributions setup

Deposit money into your funds when precipitation is greater than 50% in your zip code

[Get started →](#)

Weather contributions setup

Contributions are subject to the annual standard contribution limit of [plan limit]. Contributions are initiated when the daily precipitation forecast is >50% in the zip code, sourced from weather.gov

Amount *


Minimum \$1.00

Zip code *

Zip code

Where do you want to contribute from? *

Bank account selection ▾

 Your investment strategy will be used. You can change these settings at anytime. [Customize](#)






CaIABLE

Joona Hamad9915

OverviewActivityDocumentsInvestmentsTransfersSettings

Event contributions

Weather contributions

ACTIVEUpdate

Every rainy day in 10001 you are contributing \$5.00.
Daily precipitation includes sleet, hail, snow.

Zip Code

Contribution Amount

10001

\$5.00


Investment settingsUpdate

45% ABLERisk Moderate

35% ABLERisk Conservative

10% ABLERisk Aggressive

10% Cash



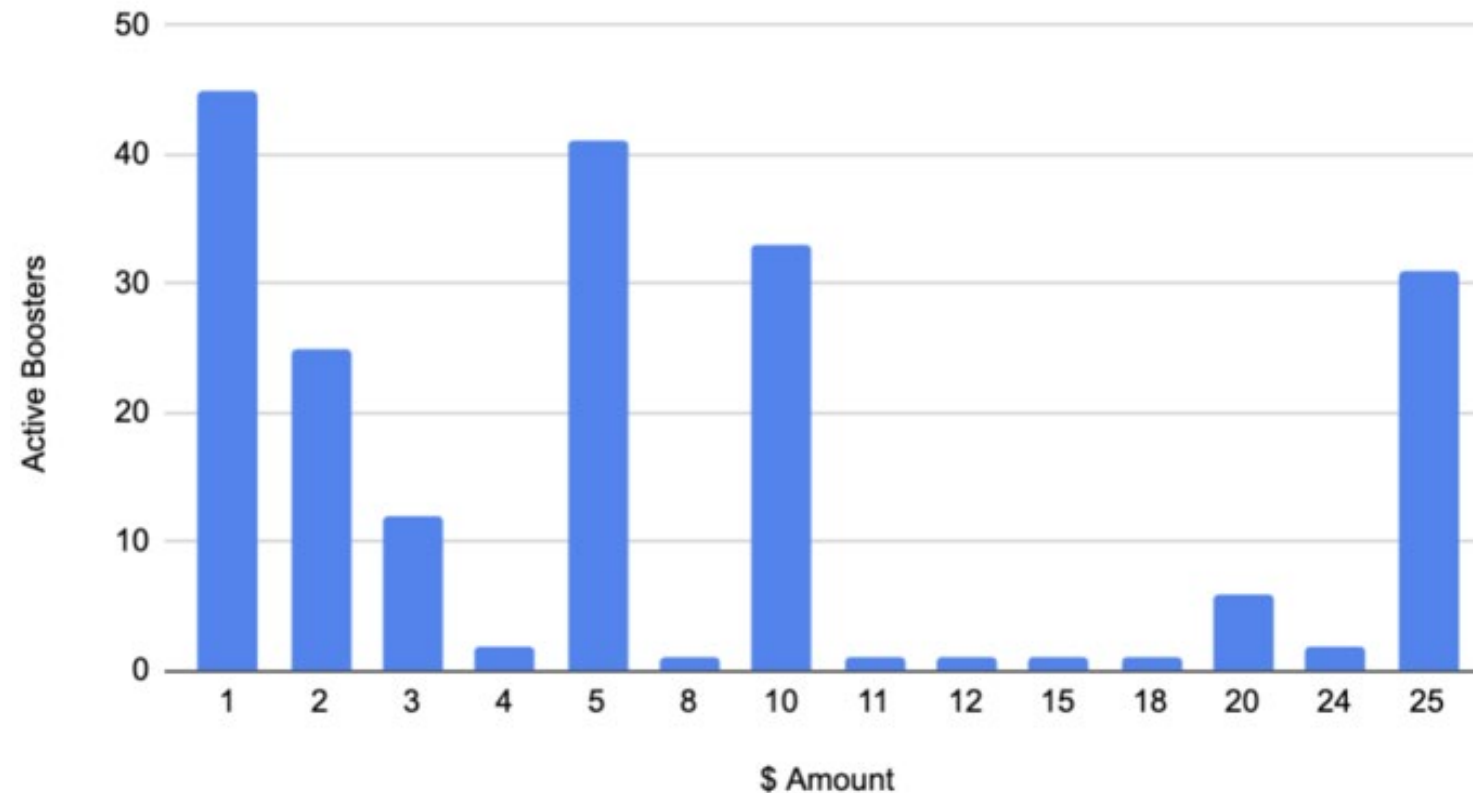
Activity

DATE ↓	TYPE	AMOUNT	STATUS
01/31/2023	Weather event contribution	\$5.00	COMPLETED 01/31/2023
02/15/2023	Weather event contribution	\$5.00	COMPLETED 02/15/2023
02/28/2023	Weather event contribution	\$5.00	COMPLETED 02/28/2023
05/01/2023	Weather event contribution	\$5.00	COMPLETED 05/01/2023

Weather Boosters

Feature Utilization in the First Six Weeks

200+ Active Boosters with ~\$8,000 in deposits over ~6 weeks



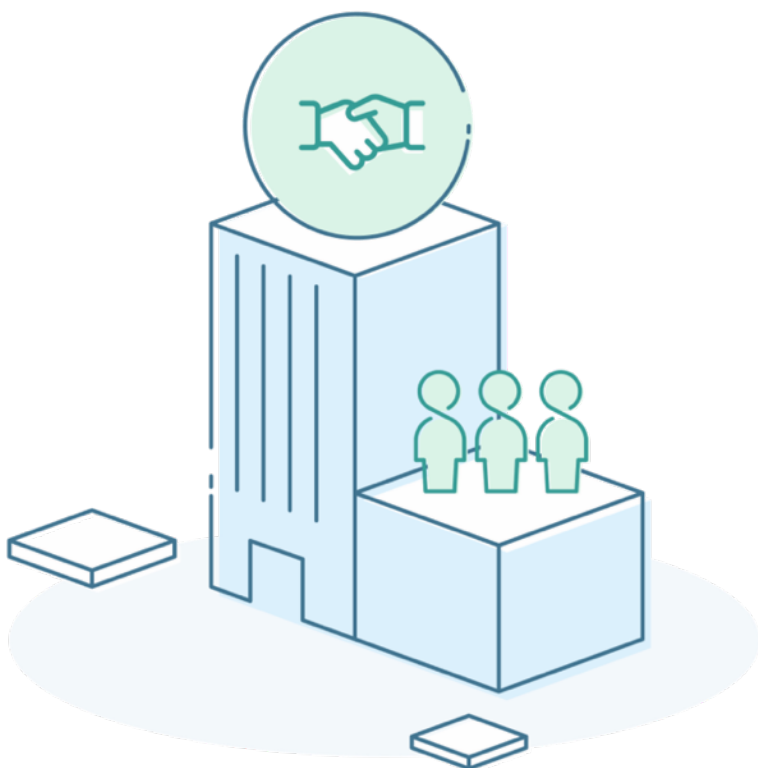
Appendix



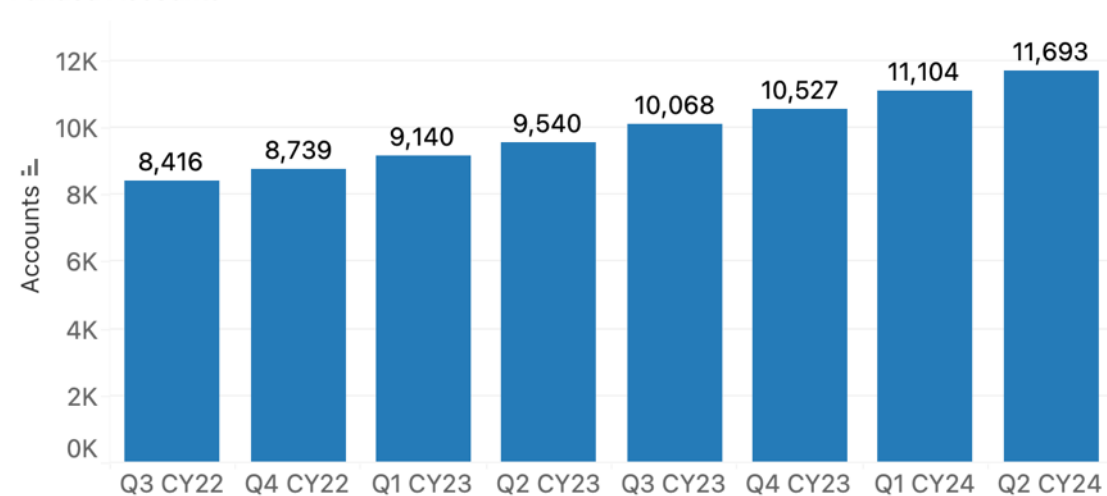
Program Overview

Description	Q2 2023	Q1 2024	Q2 2024	% Change (QoQ)	% Change (YoY)
AUM (\$)	\$108,395,281	\$140,944,310	\$149,014,806	5.7%	37.5%
Funded Accounts	9,540	11,104	11,693	5.3%	22.6%
Avg Acct Balance (\$)	\$11,398	\$12,693	\$12,744	0.4%	11.8%
New Accounts	485	639	661	3.4%	36.3%
Accounts Closed	115	176	159	-9.7%	38.3%
Contributions (\$)	\$9,943,558	\$16,289,357	\$12,338,847	-24.3%	24.1%
Distributions (\$)	\$4,637,879	\$5,930,221	\$5,815,911	-1.9%	25.4%
Net Cash Flow (\$)	\$5,305,678	\$10,359,135	\$6,522,936	-37.0%	22.9%
Total Calls	4,598	4,805	4,406	-8.3%	-4.2%
Website Visits	21,134	67,252	67,245	0.0%	218.2%

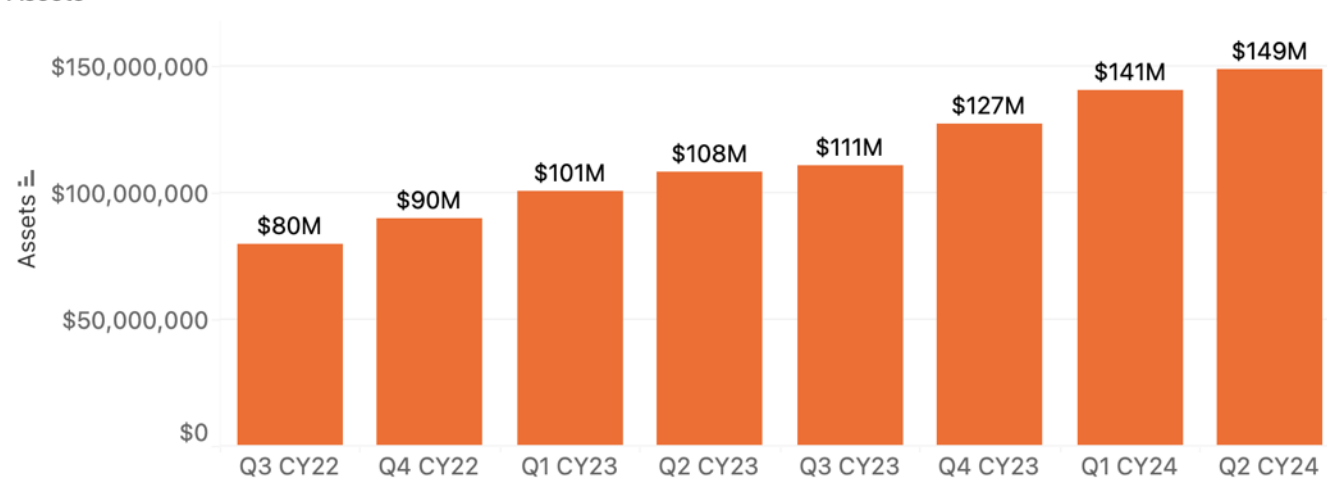
Accounts & Assets



Funded Accounts

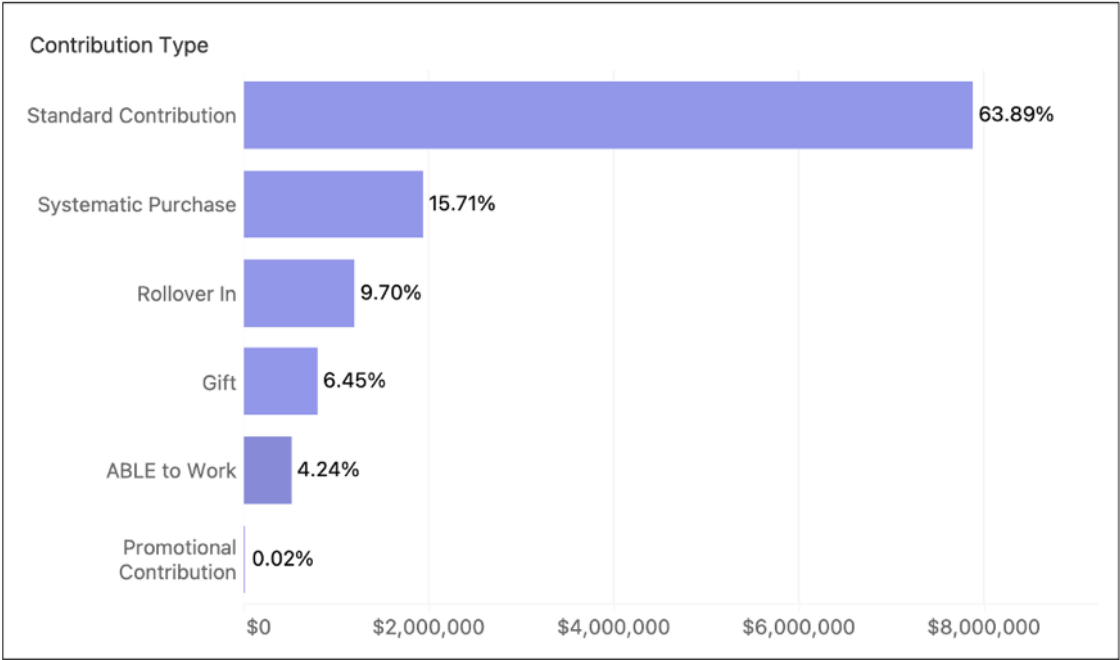


Assets

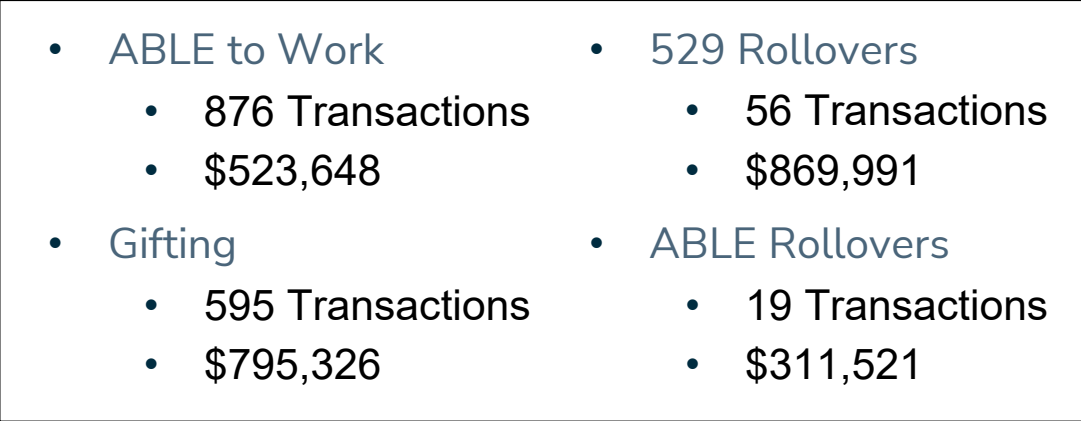


Contribution Detail

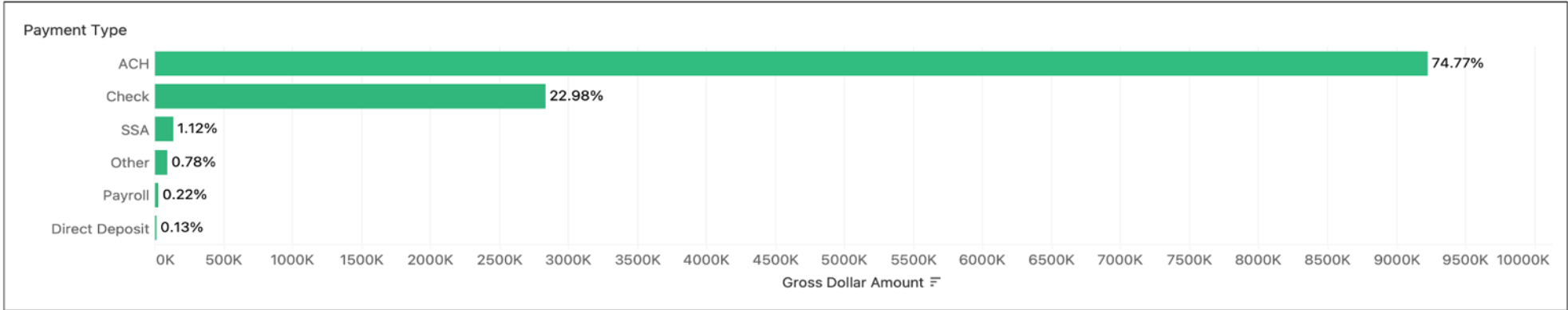
Type of Contribution



Special Contributions

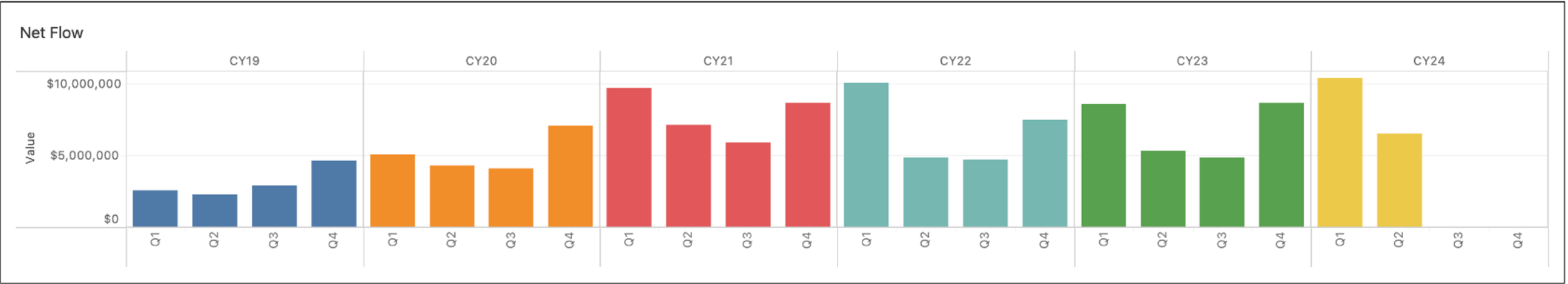


Source of Contribution



Net Flow

Statistic	Value this Quarter	% Change (QoQ)	% Change (YoY)
Total Contributions (\$)	\$12,338,847	-24.3%	24.1%
Total Contributions (#)	13,779	3.9%	23.6%
Average Contribution (\$)	\$895	-27.1%	0.4%
Total Distributions (\$)	\$5,815,911	-1.9%	25.4%
Total Distributions (#)	5,042	15.5%	28.5%
Average Distributions (\$)	\$1,153	-15.1%	-2.4%



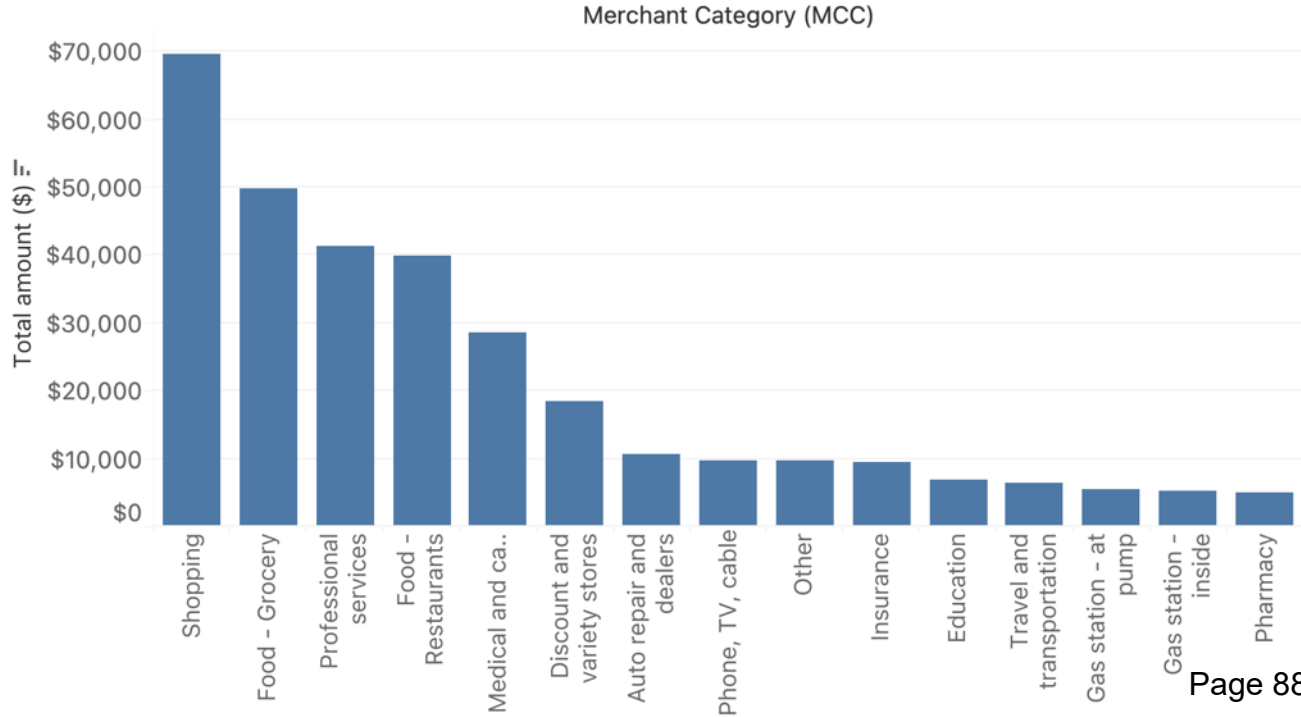


Prepaid Card Activity (Q2 2024)

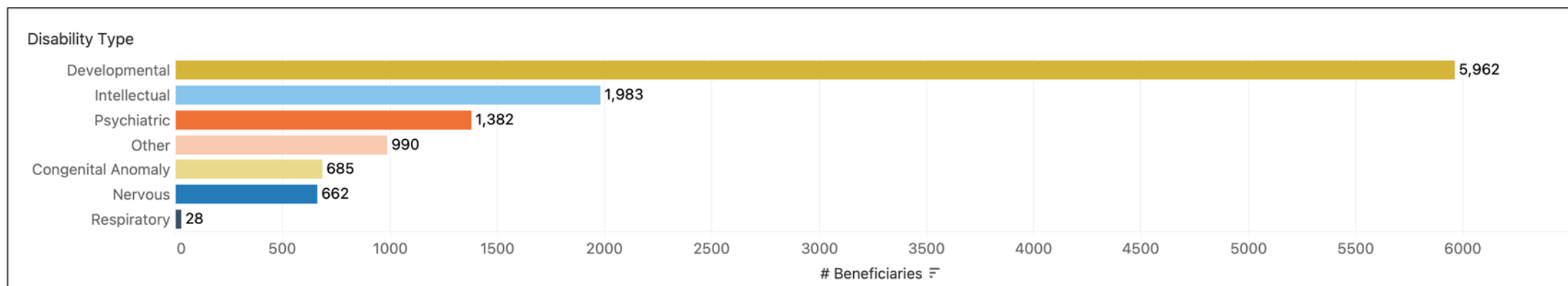
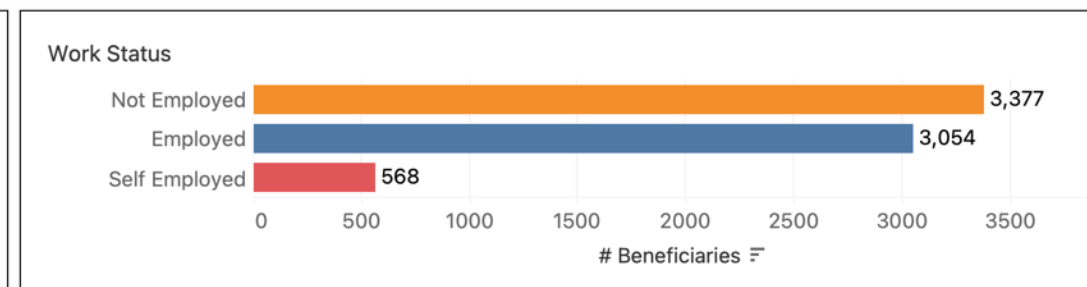
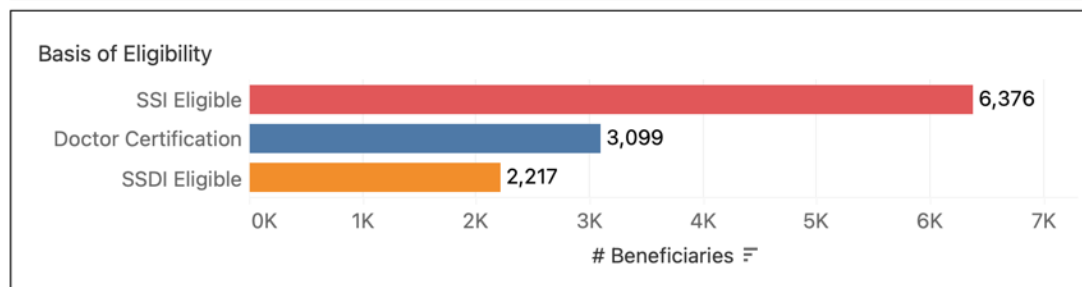
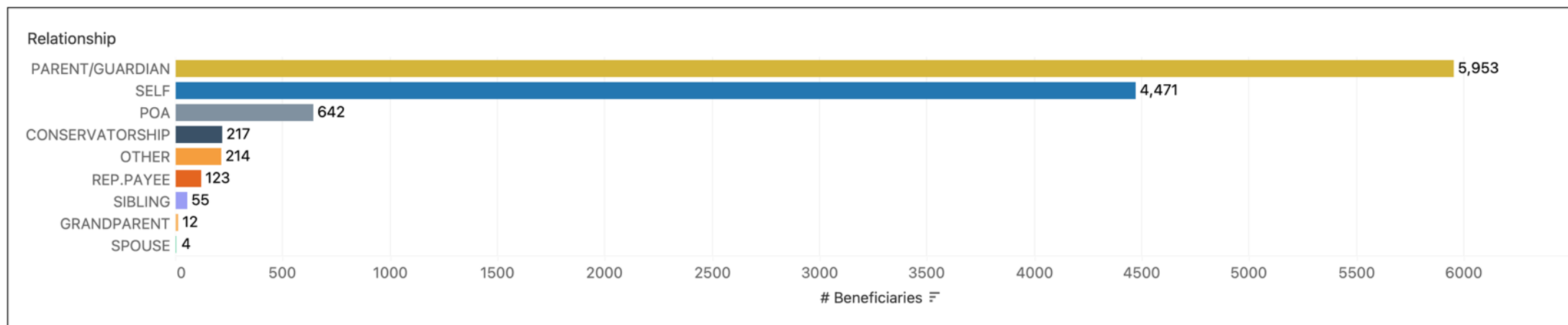
Prepaid Card Summary

Statistic	Month 1	Month 2	Month 3
Card Activations	123	137	119
Card Requests	128	120	98
Total Number of Loads	513	531	476
Total Number of Spends	5,262	6,093	6,351
Total Value of Loads	\$432,374	\$384,710	\$354,080
Total Value of Spends	\$296,869	\$317,072	\$352,384

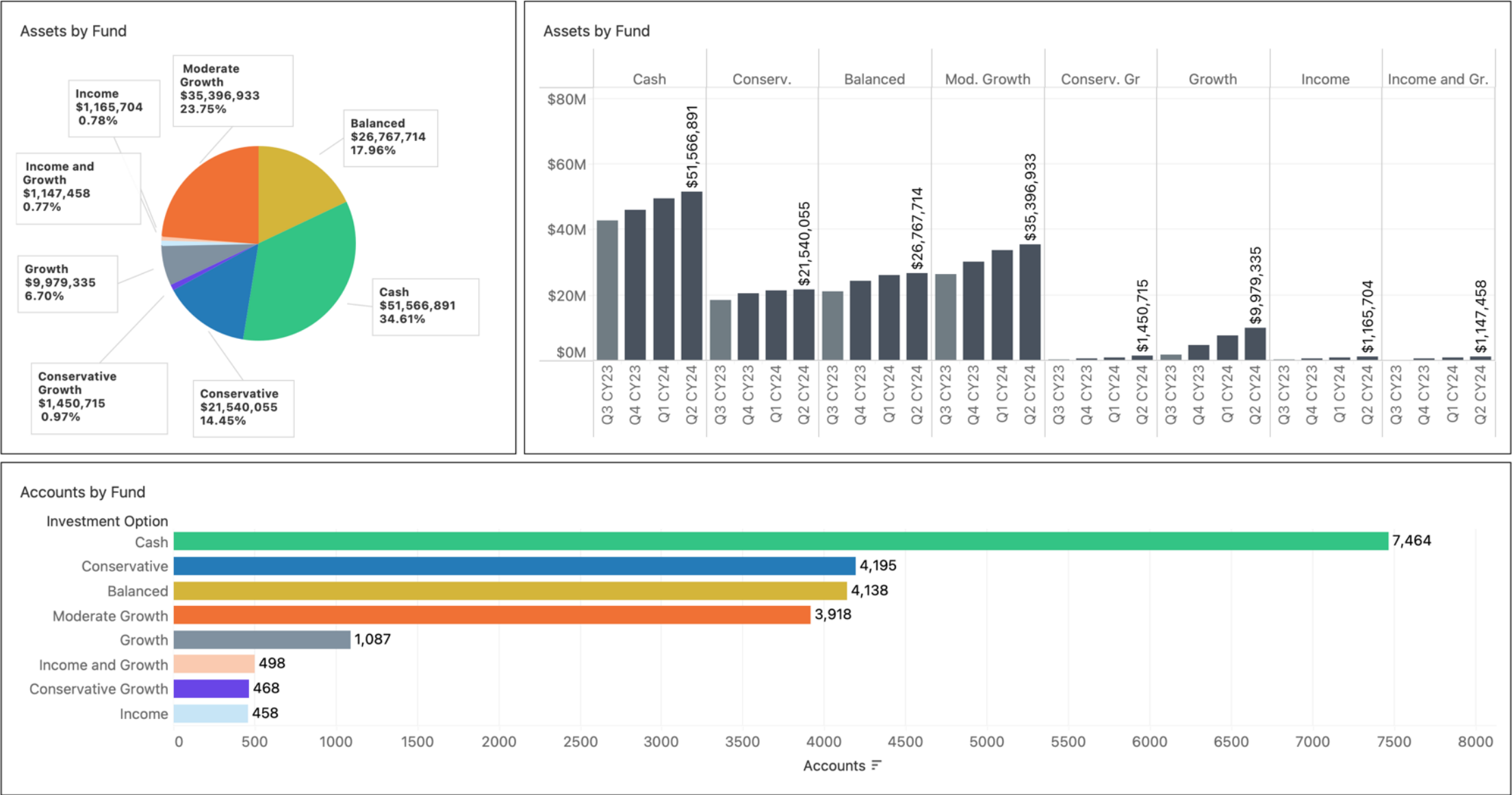
Prepaid Categories (Top 15)



Demographics



Fund Breakdown



Website Statistics

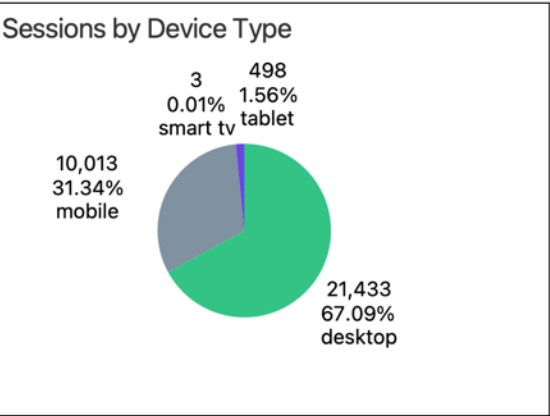
Total Sessions: 67,245

Total Visitors: 34,427

Total Views: 129,536

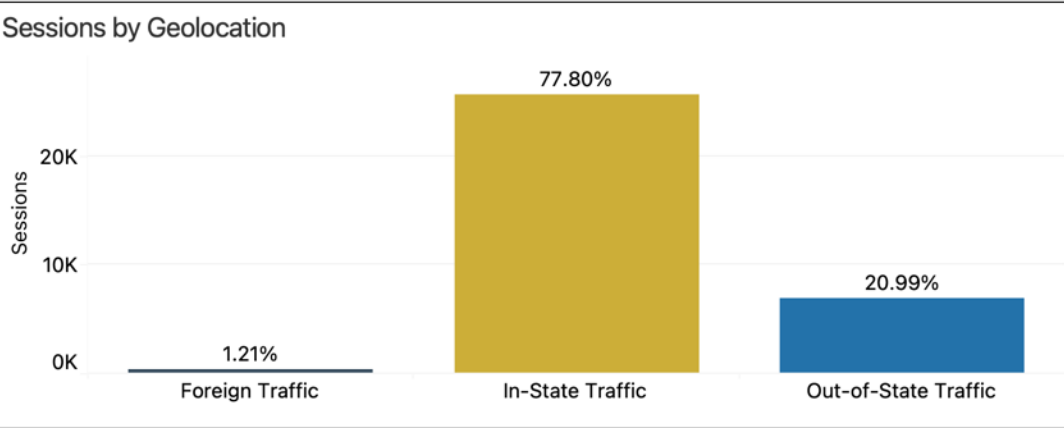
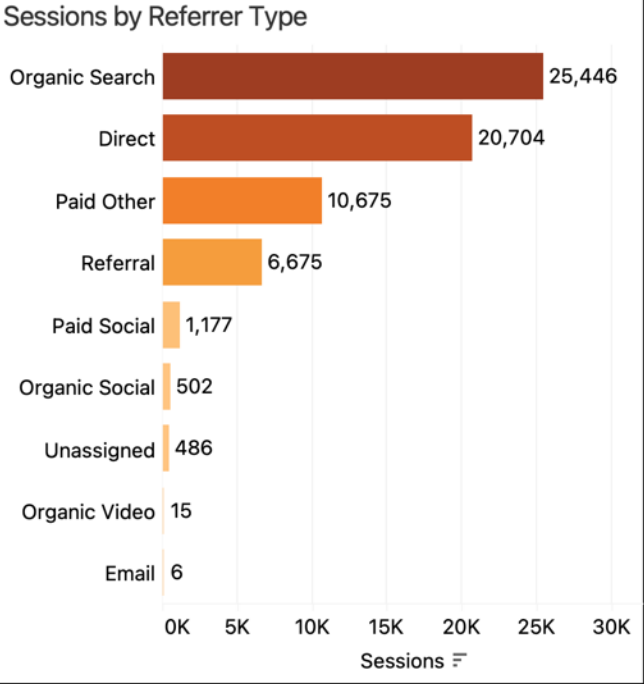
Avg Session Duration: 3.77

Views per Session: 1.93



Top Pages by Page Views

Page Title	Users	Views	Avg Engagement Time
Home - CalABLE	25,719	49,572	0.55
FAQs - CalABLE	3,789	31,585	1.58
Conversion - CalABLE	1,782	4,251	0.65
How it works - CalABLE	2,678	3,961	1.18
Eligibility - CalABLE	2,595	3,722	1.03
Investment options - CalABLE	2,135	3,497	2.65
Qualified expenses - CalABLE	2,372	3,468	1.53
Benefits - CalABLE	2,234	3,255	1.12
Prepaid Card - CalABLE	1,384	2,190	1.95
Forms - CalABLE	814	2,085	1.15

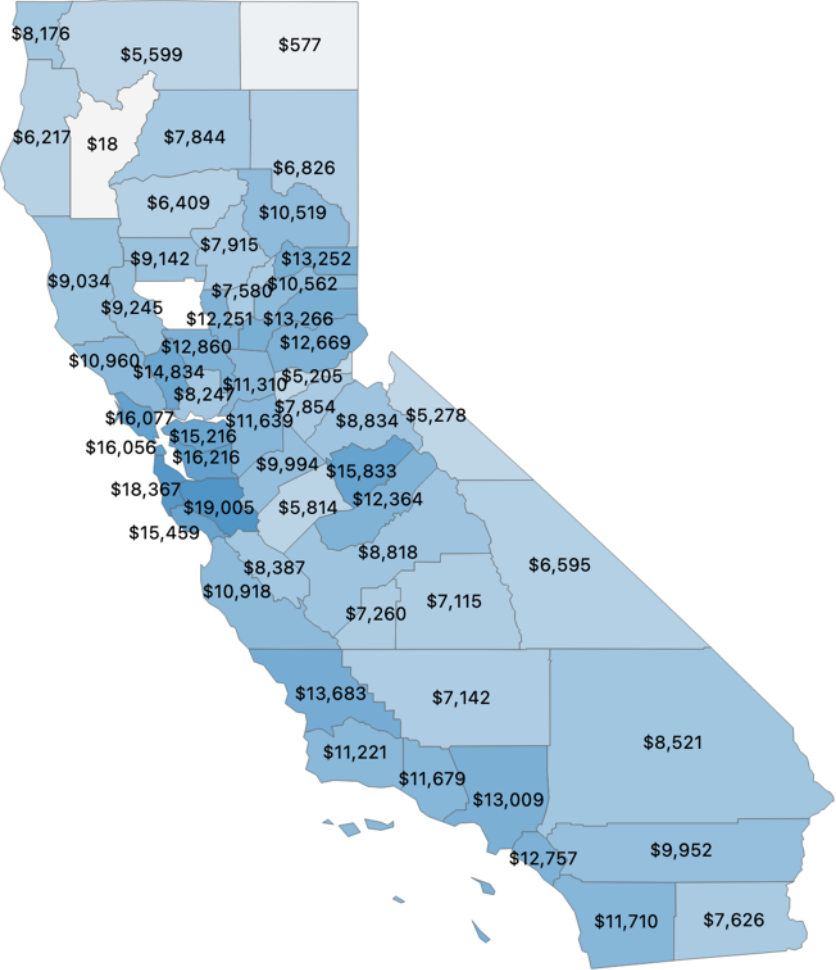


Top Sessions by City (In-State)

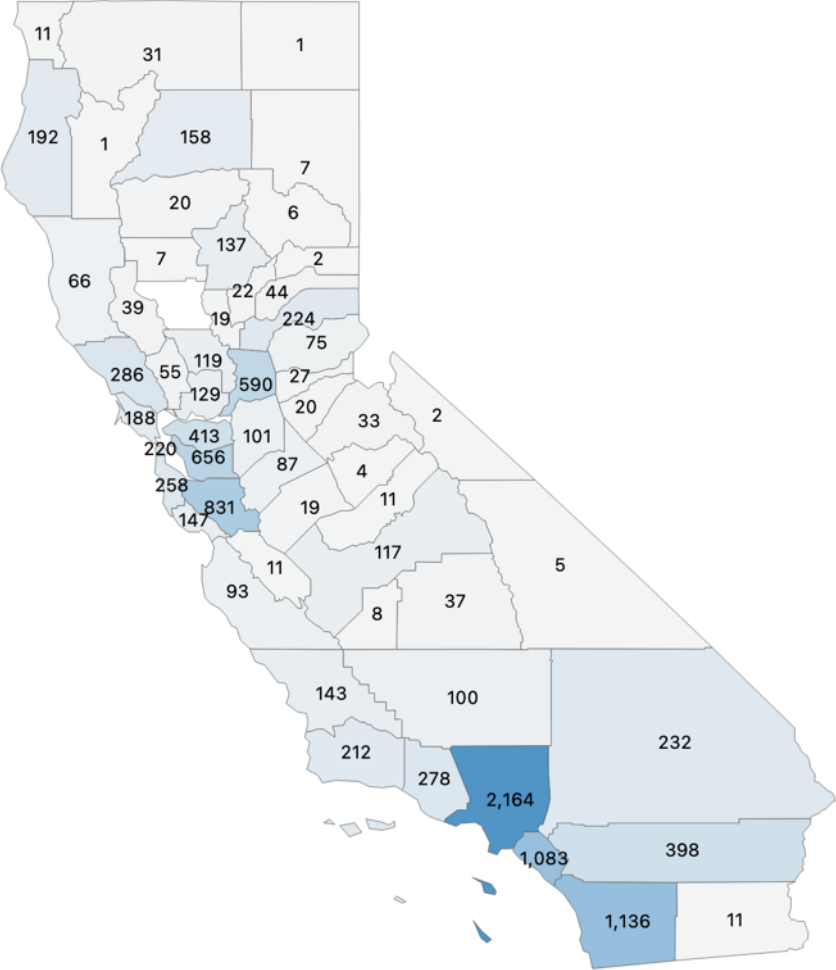
City	Sessions	% of Total
Los Angeles	4,509	17.83%
San Jose	2,288	9.05%
San Diego	1,228	4.86%
Sacramento	1,078	4.26%
San Francisco	939	3.71%
Long Beach	274	1.08%
Irvine	272	1.08%
Oakland	263	1.04%
Santa Rosa	241	0.95%
Anaheim	237	0.94%

Accounts & Assets by County

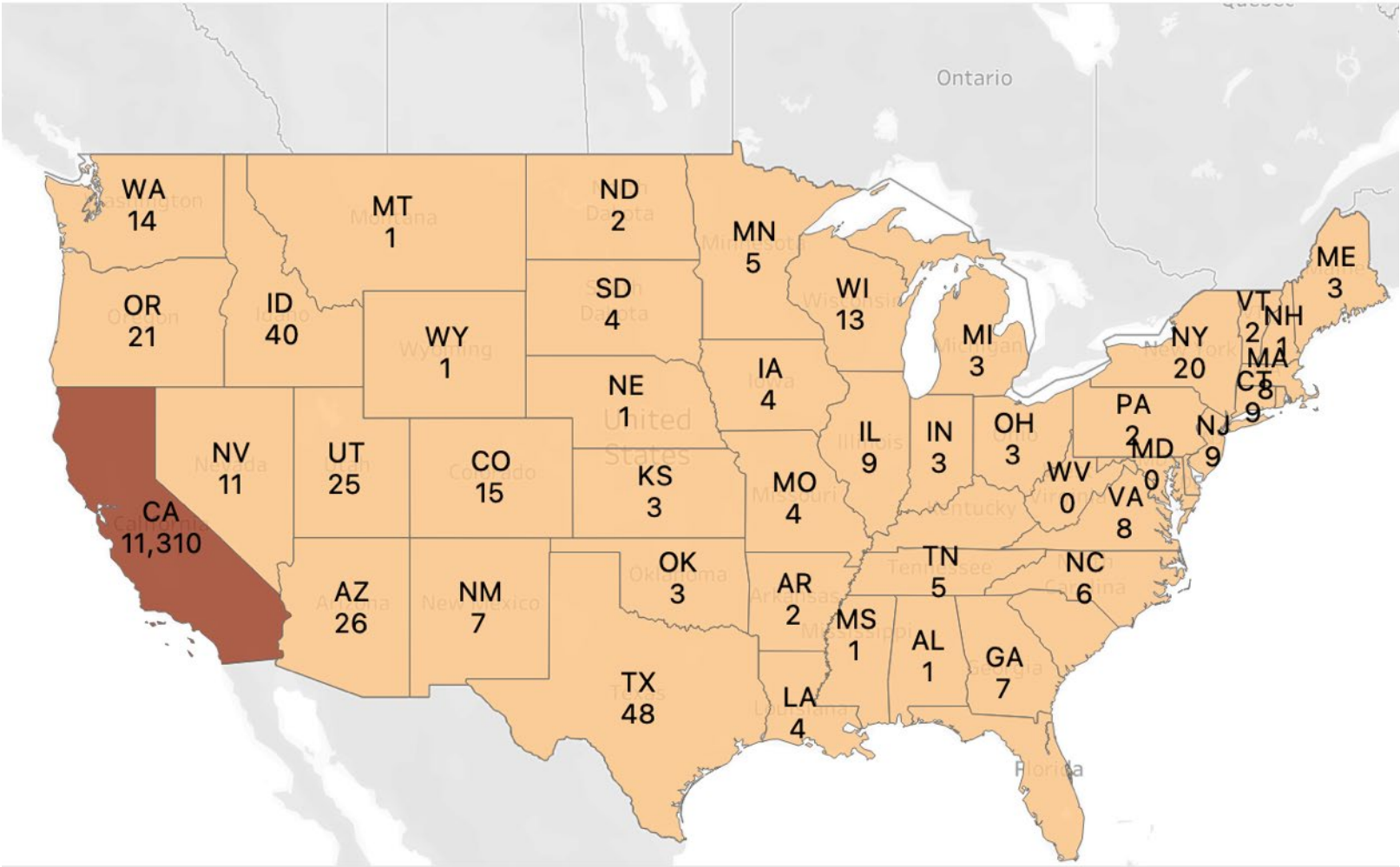
Average \$ Balance by County



Beneficiaries by County



National Accounts





DISCLOSURES

About Vestwell Holdings, Inc.

Vestwell Advisors, LLC, a 3(38) and 3(21) SEC registered investment advisory firm, is a wholly owned subsidiary of Vestwell Holdings, Inc., specializing in 401(k) and other defined contribution retirement investment management services. Vestwell assumes 3(38) and 3(16) fiduciary responsibility on the behalf of advisors and firms. Learn more at [Vestwell.com](https://vestwell.com) and on Twitter [@Vestwell](https://twitter.com/Vestwell).

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CalABLE

BNY Advisors Plan Update



BNY MELLON

INVESTMENT MANAGEMENT

Page 95 of 135

Q3 2024: Outlook

Our Scenarios

Our Viewpoint: *Scenarios provide richer analysis and a clearer conceptualization of macro/market uncertainty*

60% Scenario 1 Muddle Through

- U.S. growth slows. Europe emerges from stall-speed to a modest recovery.
- China's stimulus boosts manufacturing rather than domestic consumption.
- As a result, global goods price disinflation and stable-to-weaker energy prices precludes a resurgence of inflation.
- But inflation persistence lingers - led by sticky services prices (healthcare and rentals), and positive real wage growth.
- Policy easing proceeds in a variegated fashion, and hesitantly, at the major economies, except Japan.
- But the extent of easing is considerably limited, and terminal rates are higher than pre-pandemic levels.
- Rising trade and elevated geopolitical tension maintains a bid for the USD.
- Credit spreads widen out to long-term averages.

20% Scenario 2 New Economy

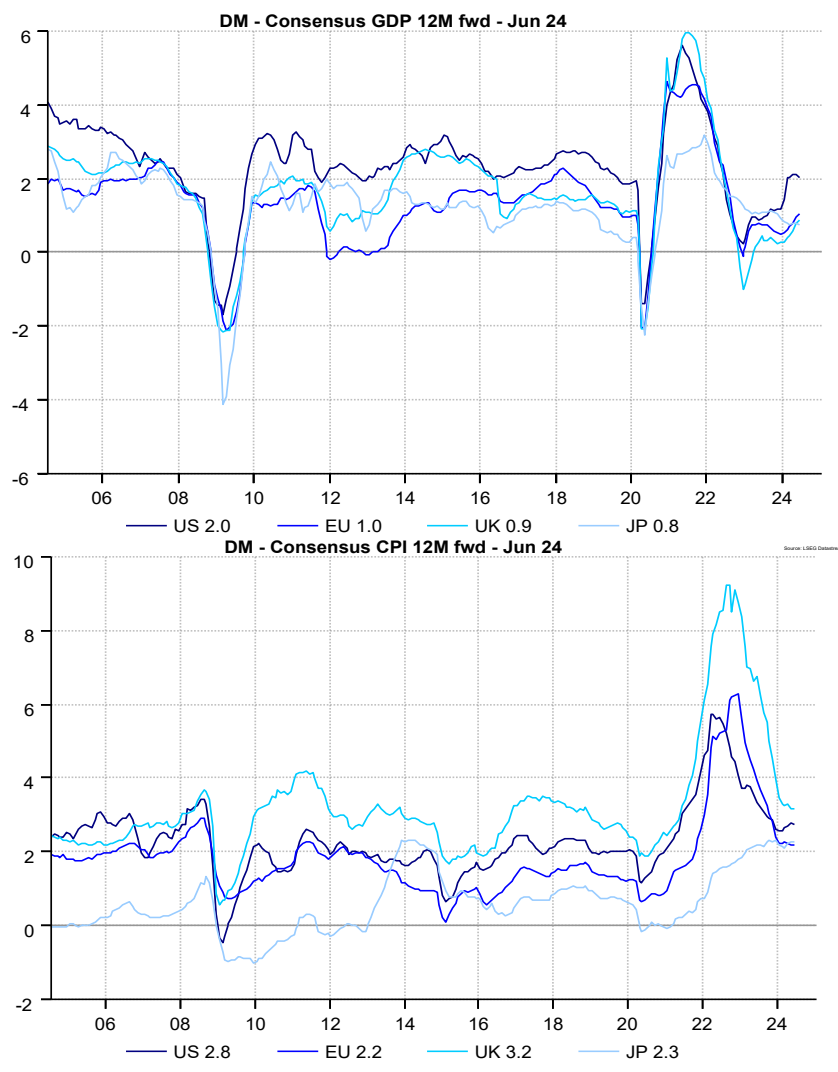
- Global growth surprises to the upside led by productivity gains.
- AI adoption picks up speed, unit labor costs show signs of sustained easing.
- Supply chains adjust with less than expected trade and geopolitical friction.
- Fiscal and sovereign debt concerns at the U.S. and other major developed economies are offset by stable-to-declining trends in overall non-financial debt.
- Other major emerging markets begin to make an increasingly important contribution to global growth, offsetting weakening trend Chinese growth.
- Risk assets learn to live with higher for longer rates and a stable-to-firming trend in the USD.

20% Scenario 3 Second Wave

- U.S. growth surprises to the upside on a continuing positive fiscal impulse and terms of trade windfalls.
- Europe and China pick-up speed together, placing more pressure on resources and supply chains.
- Positive shocks to aggregate demand raises inflation expectations and worsens inflation persistence.
- Markets price out further central bank easing at the major economies and are forced to consider a few hikes.
- A reconsideration of the path of monetary policy, and an actual hike or two, raises the odds of a 'monetary recession.'
- Spreads widen beyond historical means and USD gains on rising growth concern.

Source: BNY Advisors. For a more detailed discussion, please see the Vantage Point publication available at <https://im.bnymellon.com/content/dam/im/documents/manual/market-insights/vantage-point-q3-2024.pdf>

Positioning Outlook: *Growth and Inflation*



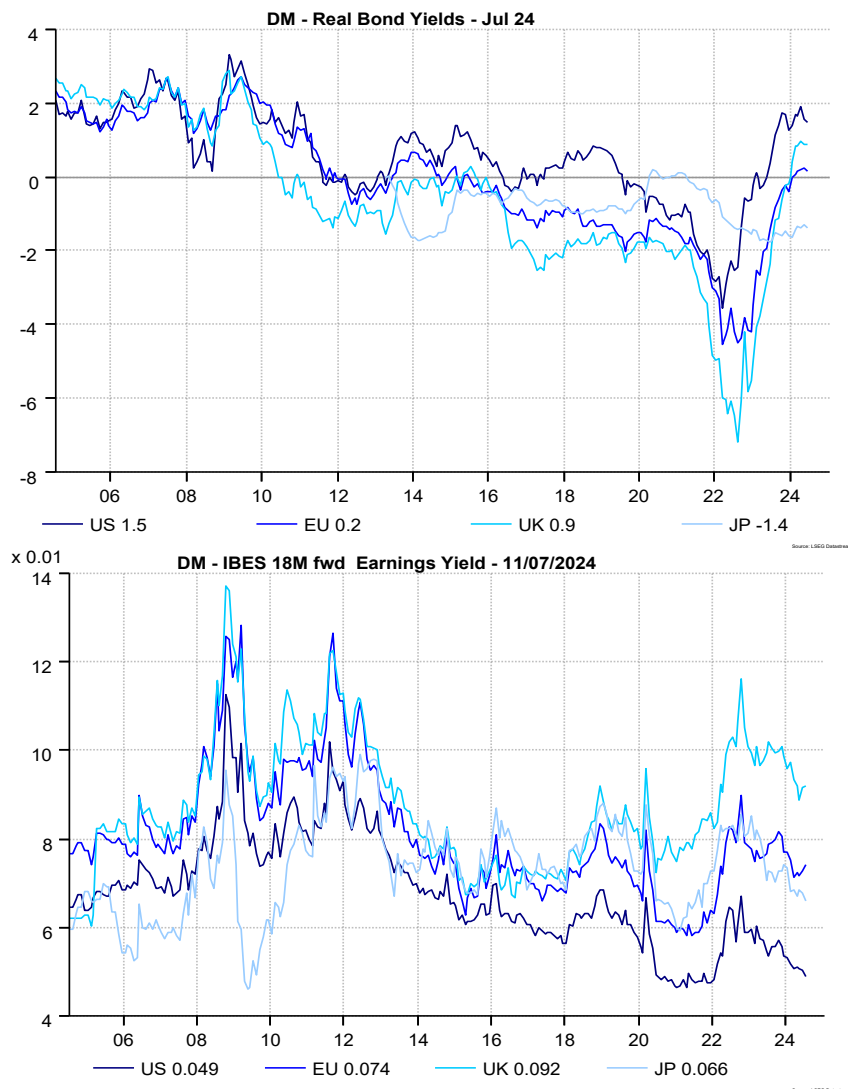
Source: BNY Advisors and LSEG DataStream

Growth expectations across major DMs continued to edge higher in Q2 as monetary policy headwinds continue to dissipate and expectations for the onset of a US rate cut cycle moved decisively higher, with central banks also evolving their respective narratives to signal this shift towards a more supportive stance. Whilst recessionary risks have not dissipated entirely, diminishing policy headwinds should provide scope for a broadening out of the economic recovery and market rally that unfolded in the first half.

Economic leading indicators across most major DMs and EMs were flat to marginally higher continuing to suggest that the broader pickup in growth remains intact notwithstanding some weakness starting to emerge in more recent data such as unemployment numbers, which have edged higher more recently. This was borne out in recent **Economic surprise data** which showed negative surprises building across the US, EU and CEEMA regions, whilst China data continued to surprise to the downside too.

Inflation expectations in DMs remained rangebound as commodity prices and service sector inflation resiliency continued to slow the journey back to central bank targets, whilst EM inflation continued at benign levels. The likely arrival of a US rate cut cycle should help to remove some of the USD headwinds, clearing the pathway for EM rate cuts to pick up once more.

Positioning Outlook: *Equities and Fixed Income*



Source: BNY Advisors and LSEG DataStream

US real bond yields showed signs of rolling over as the softer inflation data began to weigh on nominal yields towards the end of the quarter, setting up for a relatively attractive environment for risk assets in H2. Major EM real bond yields remained in positive territory and above longer-term trends, providing scope for a potential reacceleration in rate cuts to offset slowing domestic activity levels.

Equity market multiples saw some pickup on the back to the tick up in rate cut expectations as well as the ECB cut during the quarter but remain poised for further upside should real yields continue to edge lower in the coming months, particularly when controlling for the lofty expectations in the US tech sector. Revenue growth and earnings pressures should remain manageable as the broader pickup in aggregate global demand continues to pick up speed alongside the rate cut cycle.

Geopolitical risks continued at concerning levels, with political risks around DM elections emerging as a potential new flashpoint for tail risk events that could propagate across major DM and EM markets. Supply chain shocks and elevated logistics costs continued as a key risk to headline inflation measures alongside the continued deterioration in the global trade landscape, with specific risks around debt downgrades, restructurings & bankruptcies elevated for affected markets.

CalABLE Portfolio Underlying Fund Allocations

Fund	Ticker	Income Portfolio	Conservative Portfolio	Income and Growth Portfolio	Balanced Portfolio	Conservative Growth Portfolio	Moderate Growth Portfolio	Growth Portfolio
Fidelity® Total Market Index Fund	FSKAX	0	7	13	17	20	26	33
Schwab Total Stock Market Index Fund®	SWTSX	0	6	13	16	19	26	32
Fidelity® International Index Fund	FSPSX	0	5	10	12	15	20	25
Fidelity® Emerging Markets Index Fund	FPADX	0	2	4	5	6	8	10
Fidelity® U.S. Bond Index Fund	FXNAX	30	30	25	22	17	9	0
Schwab U.S. Aggregate Bond Index Fund	SWAGX	30	30	25	20	17	8	0
Fidelity® Long-Term Treasury Bond Index Fund	FNBGX	5	5	4	4	4	3	0
Schwab Treasury Inflation Protected Securities Index Fund	SWRSX	3	3	2	2	2	0	0
Vanguard Emerging Markets Bond Fund Admiral Shares	VEGBX	6	6	2	1	0	0	0
Vanguard High-Yield Corporate Fund Admiral Shares	VWEAX	6	6	2	1	0	0	0
Vanguard Cash Reserves Federal Money Market Fund Admiral Shares	VMRXX	20	0	0	0	0	0	0
Equity		0	20	40	50	60	80	100
Fixed Income		80	80	60	50	40	20	0
Cash		20	0	0	0	0	0	0
Total		100	100	100	100	100	100	100

Reflect portfolio allocations as of 12/31/2023.

CalABLE Portfolio Performance Review

Growth Portfolio	Q2 2024
Gross of Fees Return	2.53
Net of All Fees Return	2.44
Blended Benchmark	2.53
Excess Return	-0.09

Income & Growth Portfolio	Q2 2024
Gross of Fees Return	1.10
Net of All Fees Return	1.00
Blended Benchmark	1.02
Excess Return	-0.02

Moderate Growth Portfolio	Q2 2024
Gross of Fees Return	2.01
Net of All Fees Return	1.91
Blended Benchmark	1.98
Excess Return	-0.07

Conservative Portfolio	Q2 2024
Gross of Fees Return	0.67
Net of All Fees Return	0.57
Blended Benchmark	0.57
Excess Return	0.00

Conservative Growth Portfolio	Q2 2024
Gross of Fees Return	1.52
Net of All Fees Return	1.43
Blended Benchmark	1.48
Excess Return	-0.05

Income Portfolio	Q2 2024
Gross of Fees Return	0.42
Net of All Fees Return	0.33
Benchmark	0.34
Excess Return	-0.01

Balanced Portfolio	Q2 2024
Gross of Fees Return	1.33
Net of All Fees Return	1.23
Blended Benchmark	1.27
Excess Return	-0.04

Please see Blended Benchmark Definitions in the Important Disclosures section at the end of this report. Performance as of 6/30/2024.

Performance is calculated using a NAV-to-NAV Performance methodology. NAV returns are calculated as $((\text{Ending NAV}/\text{Beginning NAV})-1)*100$. NAV-to-NAV Performance uses daily accounting data to calculate a daily return, month-to-date return and linked returns for other periods. The Gross of Fees Return shown reflects the deduction of fees and expenses associated with the underlying mutual funds held in the portfolio (the "Underlying Fund Fee"). The Net of Fees Return shown reflects the deduction of the Underlying Fund Fee, Service Fee, and State Administrative Fee (together, the "Total Annual Asset-Based Fee"). The returns shown do not reflect account maintenance fees or other account level service-based fees (e.g., returned check fees, statement delivery fees, etc.).

Past performance is not a guarantee of future results. Current performance may be lower or higher than the performance data quoted. The investment return and principal value of an investment will fluctuate, so that an investor's assets, when sold, may be worth more or less than their original cost.

Indices are unmanaged and are not available for direct investment.

Source: BNY

CalABLE Blended Benchmark Definitions

Income Portfolio: 60% Bloomberg US Aggregate Bond TR USD, 5% Bloomberg Long Term US Treasury TR USD, 3% Bloomberg US Treasury US TIPS TR USD, 6% Bloomberg USD Emerging Markets Government RIC Capped TR USD, 6% Bloomberg US Corporate High Yield TR USD, 20% Bloomberg US Treasury Bill 1-3 Mon TR USD

Conservative Portfolio: 13% Dow Jones US Total Stock Market TR USD, 5% MSCI EAFE NR USD, 2% MSCI EM NR USD, 60% Bloomberg US Aggregate Bond TR USD, 5% Bloomberg Long Term US Treasury TR USD, 3% Bloomberg US Treasury US TIPS TR USD, 6% Bloomberg USD Emerging Markets Government RIC Capped TR USD, 6% Bloomberg US Corporate High Yield TR USD

Income & Growth Portfolio: 26% Dow Jones US Total Stock Market TR USD, 10% MSCI EAFE NR USD, 4% MSCI EM NR USD, 50% Bloomberg US Aggregate Bond TR USD, 4% Bloomberg Long Term US Treasury TR USD, 2% Bloomberg US Treasury US TIPS TR USD, 2% Bloomberg USD Emerging Markets Government RIC Capped TR USD, 2% Bloomberg US Corporate High Yield TR USD

Balanced Portfolio: 33% Dow Jones US Total Stock Market TR USD, 12% MSCI EAFE NR USD, 5% MSCI EM NR USD, 42% Bloomberg US Aggregate Bond TR USD, 4% Bloomberg Long Term US Treasury TR USD, 2% Bloomberg US Treasury US TIPS TR USD, 1% Bloomberg USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg US Corporate High Yield TR USD

Conservative Growth Portfolio: 39% Dow Jones US Total Stock Market TR USD, 15% MSCI EAFE NR USD, 6% MSCI EM NR USD, 34% Bloomberg US Aggregate Bond TR USD, 4% Bloomberg Long Term US Treasury TR USD, 2% Bloomberg US Treasury US TIPS TR USD

Moderate Growth Portfolio: 52% Dow Jones US Total Stock Market TR USD, 20% MSCI EAFE NR USD, 8% MSCI EM NR USD, 17% Bloomberg US Aggregate Bond TR USD, 3% Bloomberg Long Term US Treasury TR USD

Growth Portfolio: 65% Dow Jones US Total Stock Market TR USD, 25% MSCI EAFE NR USD, 10% MSCI EM NR USD

As of June 30, 2024

Benchmark Definitions

- **Bloomberg Commodity Index:** The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The index is composed of exchange-traded futures and represents 20 physical commodities, which are weighted to account for economic significance and market liquidity (subject to weighting restrictions). On July 1, 2014, the Dow Jones UBS Commodity Index rebranded as the Bloomberg Commodity Index.
- **Bloomberg Global Aggregate ex-US Bond Index:** The Bloomberg Global Aggregate ex-US Bond Index is designed to be a broad-based measure of the global investment-grade, fixed rate, fixed income corporate markets outside the United States.
- **Bloomberg Long U.S. Treasury Index** includes all publicly issued, U.S. Treasury securities that have a remaining maturity of 10 or more years, are rated investment grade and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non-convertible.
- **Bloomberg U.S. Aggregate Bond Index** represents securities that are SEC registered, taxable and dollar denominated. The index covers the U.S. investment-grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. Securities must have at least one year to final maturity regardless of call features and must have at least \$250 million par amount outstanding.
- **Bloomberg US Treasury Bill 6-9 Month Index:** The Bloomberg US Treasury Bill 6-9 Month Index represents United States-issued government debt with a bond maturity between six months and nine months.
- **Bloomberg U.S. Treasury Inflation Protected Securities (TIPS) Index** represents inflation-protected securities issued by the U.S. Treasury. Securities must be investment-grade, publicly issued, dollar-denominated, have at least one year remaining to maturity and have at least \$250 million par amount outstanding.

Benchmark Definitions

- Bloomberg U.S. Treasury Bill 1-3 Month Index is the one-to three-month component of the U.S. Treasury Bill Index. The Bloomberg Treasury Bill Index includes U.S. Treasury bills with a remaining maturity from one up to (but not including) 12 months. It excludes zero coupon strips.
- Bloomberg U.S. Aggregate Float Adjusted Index provides broad exposure to the U.S. investment-grade bond market. The float-adjusted index excludes U.S. Treasuries, agencies, and mortgage-backed securities (MBS) held in Federal Reserve accounts, thereby reducing the market value weight of these securities.
- Bloomberg USD Emerging Markets Government RIC Capped Index is designed to measure the investment return of dollar-denominated bonds that have maturities longer than one year and were issued by emerging market governments and government-related issuers. The index is capped, which means that its exposure to any particular bond is limited to a maximum of 20% and its aggregate exposure to issuers that individually constitute 5% or more is limited to 48%. If the index, as constituted based on market weights, exceeds the 20% or 48% limits, the excess is reallocated to bonds of other issuers represented in the index.
- Dow Jones U.S. Total Stock Market Index is an unmanaged, float-adjusted market-capitalization-weighted index providing broad-based coverage of the U.S. equity market. The index is considered a total market index, representing the top 95% of the U.S. stock market based on market capitalization. To be included in the index, a security generally must be all of the following: an equity security (common stock, REIT or limited partnership), a security that has its primary market listing in the U.S. and be issued by U.S. headquartered company.
- MSCI EAFE (Europe, Australasia and the Far East) Index (net of taxes) is a free-float-adjusted market-capitalization index that is designed to measure developed market equity performance, excluding the United States and Canada. As of June 30, 2024, the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The index is net because dividends are reinvested after deducting a withholding tax from dividend distributions. Since taxes are withheld from the MSCI EAFE Index (net of taxes), the performance of the MSCI EAFE Index (net of taxes) will generally be lower than that of the MSCI EAFE Index (gross of taxes).

Benchmark Definitions

- MSCI Emerging Markets Index (net of taxes) is a free-float-adjusted, market-capitalization index that is designed to measure equity market performance of emerging markets. As of June 30, 2024, the MSCI Emerging Markets Index consisted of the following 24 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. The index is net because dividends are reinvested after deducting a withholding tax from dividend distributions. Since taxes are withheld from the MSCI Emerging Markets Index (net of taxes), the performance of the MSCI Emerging Markets Index (net of taxes) will generally be lower than that of the MSCI Emerging Markets Index (gross of taxes).
- S&P 500 Index: The S&P 500 Index, an unmanaged index, includes 500 of the largest stocks (in terms of stock market value) in the United States; prior to March 1957, it consisted of 90 of the largest stocks. Although the S&P 500 focuses on the large-cap segment of the market, with approximately 80% coverage of US equities, it is also used as a proxy for the total US equity market.
- S&P GSCI Crude Oil Index (Spot): The S&P GSCI Crude Oil Index, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil commodity markets. The index is designed to be tradable, readily accessible to market participants and cost efficient to implement. The S&P GSCI is widely recognized as the leading measure of general commodity price movements and inflation in the world economy. Spot price in the S&P GSCI means the price of the S&P GSCI futures holdings.
- S&P GSCI Gold Index: The S&P GSCI Gold Index, a subindex of the S&P GSCI Index, provides investors with a reliable and publicly available benchmark for investment performance in the gold commodity markets. The index is designed to be tradable, readily accessible to market participants and cost efficient to implement. The S&P GSCI Index is widely recognized as the leading measure of general commodity price movements and inflation in the world economy.

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