

# MANAGER PROFILE

## STANDARD & POOR'S<sup>1</sup>

### Manager Background

- > Standard & Poor's is a division of The McGraw-Hill Companies. The McGraw-Hill Companies, Inc. is a global information services provider for the finance, education, construction, health, energy, aerospace, defence, and broadcasting markets. It is listed on the New York Stock Exchange and had a market capitalisation of US\$10 billion (December 2009).
- > With approximately 8,500 employees, including wholly owned affiliates, located in 23 countries, Standard & Poor's has played a leading role for nearly 150 years in providing investors with independent benchmarks.

### S&P Goldman Sachs Commodity Index

- > The Standard & Poor's Goldman Sachs Commodity Index (S&P GSCI), created in 1991, currently includes 24 commodities and is designed to provide investors with a reliable and publicly available benchmark for investment performance in the commodity markets.
- > The clear commodity index leader, the S&P GSCI had an estimated US\$60 billion in institutional investor funds tracking it, the majority of that coming through over-the-counter derivatives transactions.

### Manager Attributes

- > Standard & Poor's is known as an independent provider of credit ratings. In 2008, it published more than one million new and revised credits ratings and had rated more than US\$32 trillion in outstanding debt. Standard & Poor's is also widely known for maintaining one of the most widely followed indices of large-cap American shares – the S&P 500 Index.
- > The S&P GSCI is calculated primarily on a world production-weighted basis, and is comprised of the principal physical commodities that are the subject of active, liquid futures markets. The weight of each commodity in the S&P GSCI is determined by the average quantity of production as per the last five years of available data. The production weights are designed to reflect the relative significance of each of the constituent commodities in the world economy while preserving the tradability of the index.
- > To be included in the S&P GSCI for a given year, contracts must satisfy several sets of eligibility criteria. First, they need to be denominated in US dollars and traded on or through a trading facility that has its principal place of business in an Organisation for Economic Cooperation and Development (OECD) member country. Second, they need to have at least two years of available daily contract reference prices and three months of available volume data.

<sup>1</sup> Standard & Poor's is the manager of the S&P Goldman Sachs Commodity Index. New Zealand Funds Management buys a futures contract on this index in order to gain a commodity exposure within the Portfolios.