

S&P 500[®]

The Gauge of the U.S. Large-Cap Market



The S&P 500 is widely regarded as the best single gauge of U.S. large-cap equities. The index includes 500 leading companies spanning all sectors of the U.S. stock market. It covers approximately 80% of the U.S. equity market capitalization and over 50% of the global equity market.

**S&P Dow Jones
Indices**

A Division of **S&P Global**

Hard to Beat

Most Active U.S. Large-Cap Equity Funds Underperform the S&P 500

Since the first publication of the S&P Indices Versus Active Funds (SPIVA®) U.S. Scorecard in 2002, S&P Dow Jones Indices has been the de facto scorekeeper of the ongoing active versus passive debate, reporting on the results semiannually.

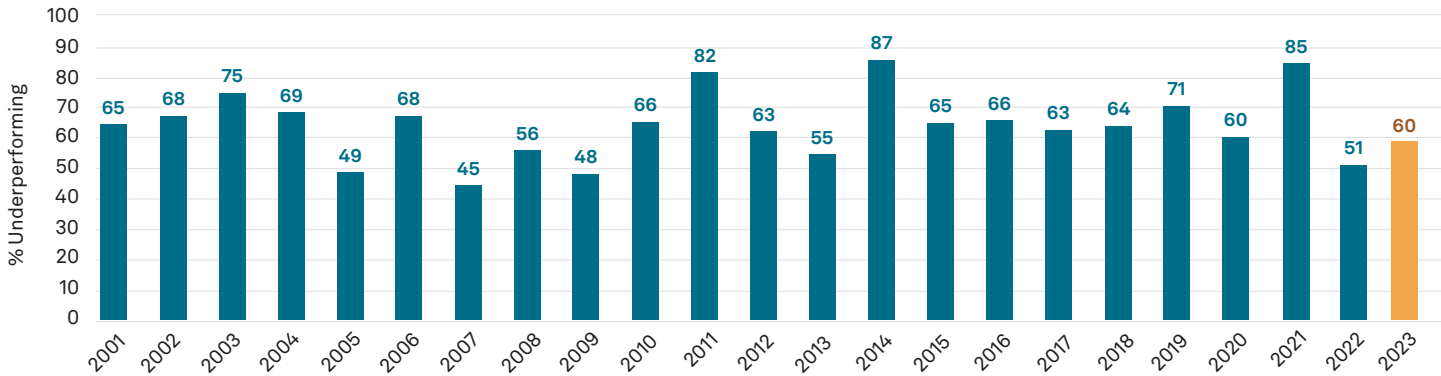
Most large-cap active managers underperformed the S&P 500 (The 500™) for the 14th consecutive year in a row. 60% of active large-cap funds underperformed The 500 in 2023.

Active equity funds performance versus the benchmark has historically worsened over longer time horizons, highlighting the difficulty of outperforming consistently.

Over a 20-year period ending on Dec. 31, 2023, 93% of U.S. Large-Cap funds underperformed The 500.

Percentage of Active Domestic U.S. Large-Cap Equity Funds Underperforming the S&P 500

By Calendar Year (Based on Absolute Returns)



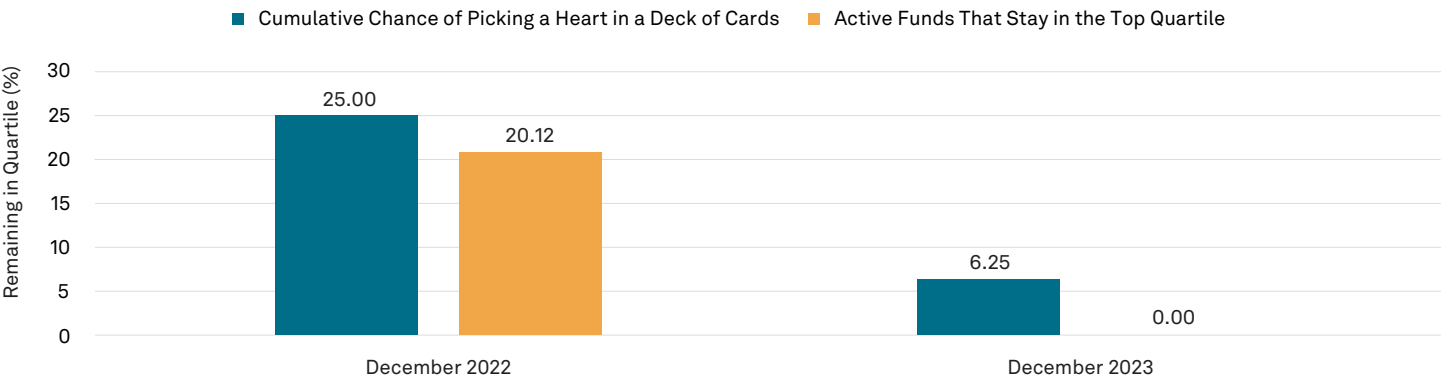
Source: S&P Dow Jones Indices LLC, CRSP. Data as of Dec. 31, 2023.
Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Past Performance Is No Guarantee of Future Results

As a companion to our SPIVA scorecards, S&P DJI publishes the Persistence Scorecard, which looks at whether top active managers can retain their position relative to their peers.

The chart below investigates the track record of 164 top quartile, actively managed large-cap funds as of December 2021. The persistence of these funds was much worse than random. Two years later, not a single fund managed to remain in the top quartile consecutively.

Manager Outperformance is Fleeting



Source: S&P Dow Jones Indices LLC, CRSP. Data as of Dec. 31, 2023. From “U.S. Persistence Scorecard”, figures are taken from Report 1a : Performance Persistence of Domestic Equity Funds over Three Consecutive 12-Month Periods. Past performance is no guarantee of future results. Chart is provided for illustrative purposes. For the blue bar illustration, in a full deck of 52 cards, there are typically four suits, hearts, clubs, diamonds and spades. Any suit has a 13/52 or 1/4 probability of being picked. The odds of a top-quartile fund randomly staying in the top quartile over the next two years are 25% * 25% = 6.25%, or 1/16.

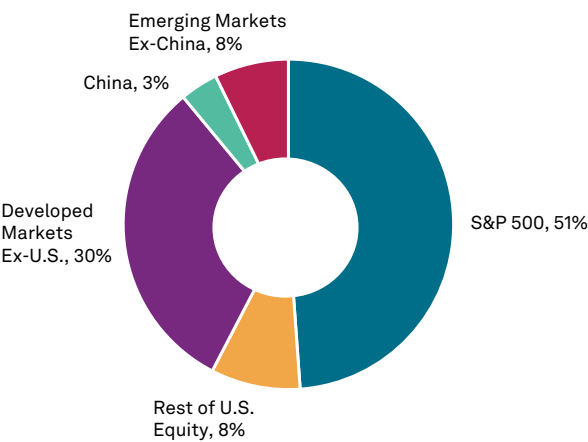
Relevance of the S&P 500

The 500 represents approximately **50% of the global equity market capitalization**.

Many of the largest exchange-traded funds (ETFs) and mutual funds in the world track The 500. The index supports **a large and robust trading ecosystem that includes index futures and options**.

With more than **65 years of live index history**, The 500 has a long and proud history. Investors analyze The 500's returns and constituents to understand how the U.S. equity market has evolved and reacted to a wide range of historical events.

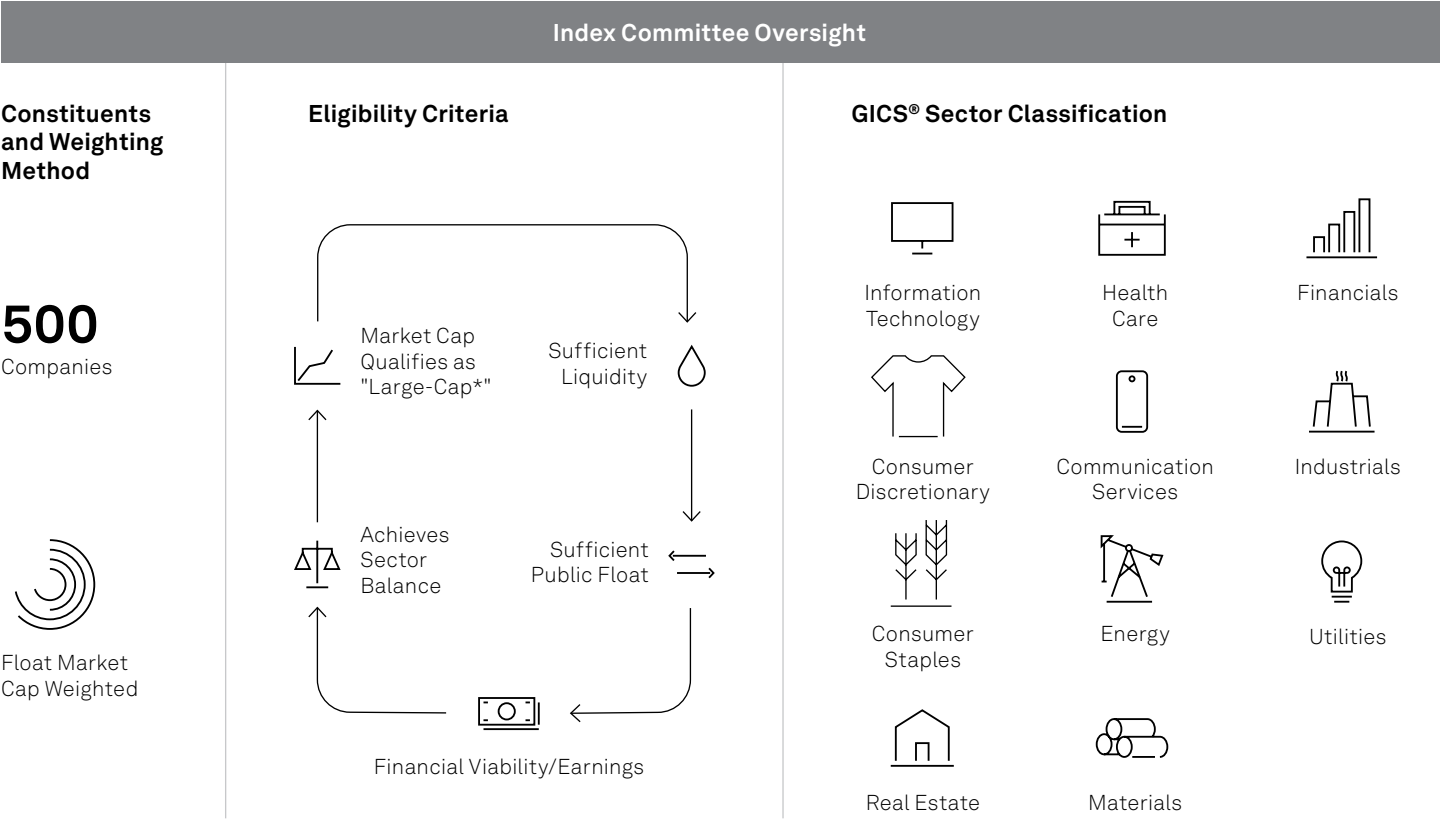
Global Equity Market Capitalization



Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2023. Chart is based on index market capitalization of the S&P 500, S&P Global BMI and its component indices. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Constructing the S&P 500

The 500 is designed to measure the performance of index-eligible stocks listed on selected U.S. exchanges. It is weighted by float-adjusted market capitalization and includes liquidity and tradability criteria in the constituent selection process.



*S&P Composite 1500® market-cap guidelines are reviewed by the Index Committee on an as needed basis. For further information and the complete details on the eligibility criteria please see the [U.S. Index Methodology](https://www.spglobal.com/spdji/en/governance/) and to learn about the governance process of S&P DJI please visit: <https://www.spglobal.com/spdji/en/governance/>.

S&P 500 Trading Ecosystem

The 500 is at the center of a large trading “ecosystem” spanning different product types and related indices. Trading in The 500 supports a network of different product types (LHS chart; futures, options and ETF options) and exposures (RHS chart; sectors, VIX®-based strategies and factors).

The ecosystem of products **directly linked** to The 500 generated **USD 224 trillion** in index equivalent trading volume in 2023, which is broken down in the graphic below. Our research shows that users of index-based products may wish to consider the volumes associated to an index as an important factor in choosing a product, due to historically **higher liquidity supporting tighter spreads in products** and a **closer tracking** to the benchmark.



Sources: S&P Dow Jones Indices LLC, Futures Industry Association (FIA), Bloomberg, Options Clearing Corporation (OCC), Cboe. Data as of Dec. 31, 2023, unless otherwise stated. Past performance is no guarantee of future results. Chart is provided for illustrative purposes. For options, a delta adjustment is applied, which is a monthly volumes-weighted average delta provided by Cboe. Updated from “The Liquidity Landscape: Trading Linked to S&P DJI’s Indices,” S&P Dow Jones Indices (September 2024). For further details see “Mapping the S&P 500 Trading Ecosystem”. Figures in billions of U.S. dollars of index equivalent trading volumes. Data sources and groupings have changed since the original publication of the paper.

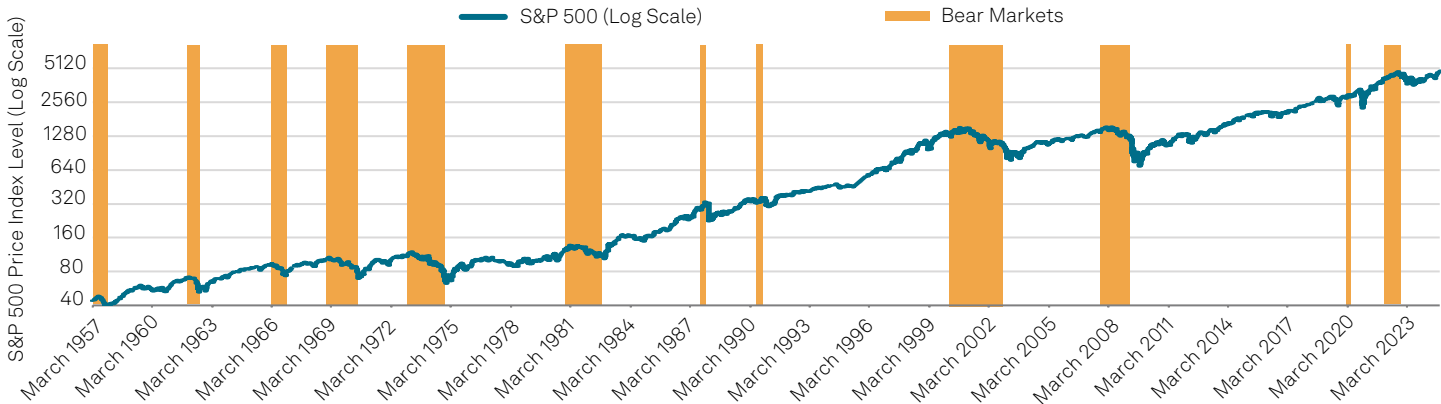
Index Characteristics of the S&P 500

Bull and Bear Markets of the S&P 500

Over its live history, the S&P 500 experienced 12 bear markets that captured periods of pessimism, while the intervening recoveries reflected improved outlooks. On average, it took approximately 13 months to recover, accompanied by an average peak-to-trough performance of -33%.

On the upside, bull markets lasted an average of ~five years with a performance of ~160%. Overall, the index has posted an annualized price return of around 7% since it launched on March 4, 1957, and an estimated 10% total return over the same period.

~70 Years of Live S&P 500 Closing Price Index Levels



Source: S&P Dow Jones Indices LLC. Data as of Jan. 19, 2024. Index performance based on price return in USD. Past performance is no guarantee of future results. A bull market is defined as a 20% rise in the S&P 500 Price Index from its previous low, ending when the index reaches its high and subsequently declines by 20%. A bear market is defined as a 20% decline in the S&P 500 Price Return Index from its previous peak, and ends when the index reaches its low and subsequently rises by 20%. Chart is provided for illustrative purposes.

Composition of the S&P 500

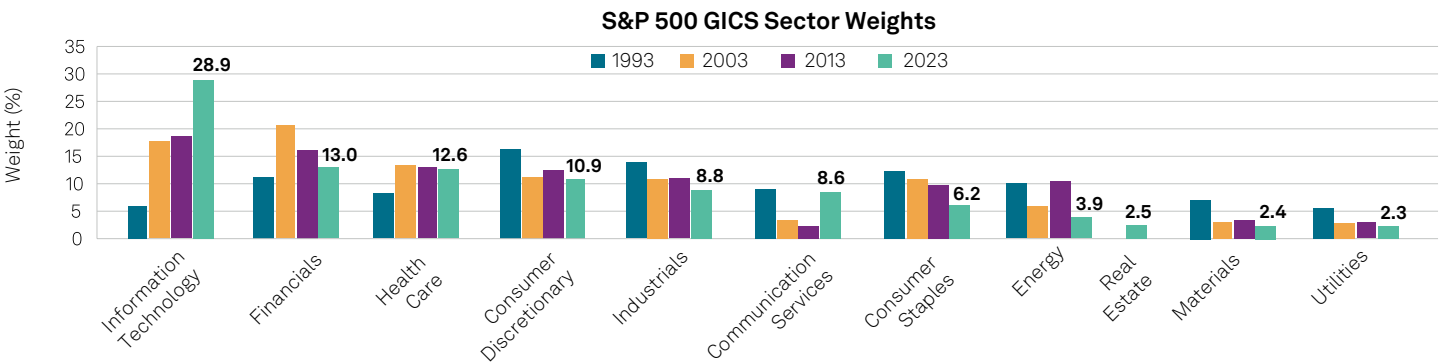
The Barometer of Large-Cap U.S. Equity Stock and Sector Trends

The S&P 500 represents the large-cap segment of the U.S. equity market. The index is float-market-cap weighted, which means that index weights reflect aggregate investor expectations.

Looking at the changes in the largest five stocks over time and the index's GICS sector weights shows how the index composition has evolved to reflect the increased importance of Information Technology companies and the reduction in Industrials and Energy companies.

Largest Five Constituents in the S&P 500 at 10-Year Intervals (1993–2023)

1993	General Electric.	Exxon Mobil Corp.	AT&T Corp.	Coca Cola Co.	Wal-Mart Stores
2003	General Electric	Microsoft Corp.	Exxon Mobil Corp.	Pfizer, Inc.	Citigroup Inc.
2013	Apple Inc.	Exxon Mobil Corp.	Google Inc.	Microsoft Corp.	General Electric Co.
2023	Apple Inc.	Microsoft Corp.	Amazon.com Inc.	Nvidia Corp.	Alphabet Inc. A



Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2023. Stock names are point in time and not revised to show the most recent names. Stock and sector weights are based on year-end index composition in 1993, 2003, 2013, and 2023. The Global Industry Classification Standard (GICS) was developed in 1999, with back-tested history going back to September 1989. Real Estate became a standalone sector in September 2016. Telecommunication Services was renamed Communication Services in September 2018. Past performance is no guarantee of future results. Past performance is no guarantee of future results. Table and chart are provided for illustrative purposes.

Index Series Based on the S&P 500

The S&P 500 Provides a Baseline for Several Flagship Indices



U.S. Core Equity

The **S&P 500 Top 10 Index**, **S&P 500 Top 50** and **S&P 100** are mega-cap indices that are subsets of the S&P 500.

The **S&P Composite 1500** combines the **S&P 500**, **S&P MidCap 400®** and **S&P SmallCap 600®**.

The **S&P 900 (LargeMid)** and **S&P 1000 (MidSmall)** are combinations of our U.S. size segments.



Equal Weight

The **S&P 500 Equal Weight Index** gives each company in the S&P 500 the same weight at each rebalance.

The **S&P 500 Equal Weight Futures Index** is constructed from the front-quarter E-mini futures contract on equal-weight S&P 500.



Factors

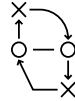
The S&P 500 single- and multi-factor indices track well-known factors including size, momentum, quality, low volatility and dividends.



Sectors & Industries

The **S&P 500 sector indices** follow the Global Industry Classification Standard (**GICS**) which is a four-tiered industry classification where companies are classified by their principal business activity.

The S&P 500 serves as the basis for the **Select Sector™** and S&P 500 Equal Weight Sectors, as well as a variety of capped variants.



Style

Our style series includes broad, exhaustive style indices, as well as narrower, pure style indices. Style: **S&P 500 Growth** and **S&P 500 Value**. Pure Style: **S&P 500 Pure Growth** and **S&P 500 Pure Value**.



VIX

Volatility – “The Fear Index”: The **Cboe Volatility Index (VIX)** gives market participants real-time insight into investor sentiment and expected levels of market volatility.

Dispersion – “The Opportunity Index”: The **Cboe S&P 500 Dispersion Index (DSPX)** can be described as a “VIX for dispersion” and measures how differently stocks are performing or are expected to perform.

The S&P 500 is available through a range of Sustainability focused methodologies.



Sustainability

The S&P 500 ESG Index is a broad-based float market-cap weighted index. It measures the performance of securities meeting sustainability criteria, while maintaining similar overall industry group weights as the S&P 500.

S&P DJI provides a range of indices for a breadth of **Sustainability** preferences. Explore Sustainability from a **Core**, **Equal Weight**, **Sector**, Style (**Growth** and **Value**) and **Factor** perspectives.



Sustainable Development Goals (SDGs)

The **S&P 500 SDG Index** seeks to measure the performance of eligible equity securities from the S&P 500, selected and weighted to collectively enhance the alignment to the United Nations' 17 Sustainable Development Goals (SDGs) and reduce the carbon footprint at the index level.



Climate Net Zero: S&P PACT™ Indices

The S&P 500 **Paris-Aligned** & **Climate Transition** Indices are compatible with a 1.5°C global warming climate scenario, in addition to several other climate-themed objectives.

Among our range of climate offering are Low Carbon (**Carbon Efficient**) and **Fossil Fuel** approaches.



Biodiversity

The **S&P 500 Biodiversity Index** seeks to measure the performance of a subset of equity securities from the S&P 500, selected and weighted to collectively reduce the ecosystem impact intensity, limit the proportion of ecosystem impact to significant land, enhance the alignment to specific UN Sustainable Development Goals, and reduce the carbon footprint relative to the S&P 500.

The full suite of equity indices based on the S&P 500 is available at www.spglobal.com/spdji.

A Brief History of the S&P 500

65+ Years of Market Leadership

1923

Standard Statistics Company (now S&P Global) calculates the S&P Composite Index

Updated weekly, cap-weighted index of 233 companies, covering 26 industries

1957

S&P 500 replaces 90 stock composite

Trading begins at 44.22

1976

First major retail indexed fund

Based on the S&P 500

1983

Longest-running listed index options:

Options listed on Cboe

March 11 | S&P 100

July 1 | S&P 500

1993

First U.S.-listed exchange traded fund

Based on the S&P 500

2003

World's first S&P 500 equal weight ETF

Based on the S&P 500 Equal Weight Index

1926

S&P 90: Cap-weighted index of 90 companies

Updated daily

1973

One of the first institutional indexed funds

Wells Fargo Stagecoach Fund (based on S&P 500)

1982

First listed index future

S&P 500 futures on CME

1986

Intraday frequency went from 1m to once every 15s

The current frequency is one second

1999

GICS introduced

In collaboration with MSCI

2004

First volatility derivatives

VIX futures on Cboe

Source: S&P Dow Jones Indices LLC. Table is provided for illustrative purposes. Please see <https://www.spglobal.com/spdji/en/index-linked-products/> for further details. Please note S&P Dow Jones Indices does not sponsor, endorse, sell, or promote any product based on an S&P Dow Jones Indices index nor does it make any representation regarding the advisability of investing in any products.

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About S&P Dow Jones Indices

At S&P Dow Jones Indices, we provide iconic and innovative index solutions backed by unparalleled expertise across the asset-class spectrum. By bringing transparency to the global capital markets, we empower investors everywhere to make decisions with conviction. We're the largest global resource for index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based upon our indices than any other index provider in the world. With over USD 8.3 trillion in passively managed assets linked to our indices and over USD 8.4 trillion benchmarked to our indices, our solutions are widely considered essential in tracking market performance, evaluating portfolios, and developing investment strategies.

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