Rounding out its core offering, S&P DJI introduced the S&P SmallCap 600 to the market in 1994. Measuring a segment of the market that is typically known for less liquidity and potentially less financial stability than large caps, the index was constructed to be an efficient benchmark made up of small-cap companies that meet investability and financial viability criteria. Historically speaking, small-cap stocks have tended to outperform their large-cap counterparts, and investing in small caps is considered a solid diversification strategy with a higher risk/reward profile.
History of the Index

The first capitalization-weighted index of the U.S. equity market (a predecessor of the S&P 500) dates back to 1923, and the familiar 500-stock formulation was introduced in 1957. It was not until the early 1990s that index providers began to offer distinct indices that intentionally excluded the largest stocks and emphasized smaller capitalization names. Since then, extensive research has been done on the small-cap risk premium and how it has changed over time. This has led to the creation of several well-known small-cap benchmarks. A key differentiating factor for the S&P SmallCap 600, compared with many other small-cap benchmarks, is the earnings requirement that the S&P SmallCap 600 implements, which plays an important role in how the index defines quality. This requirement has been found to contribute to relatively strong monthly and annual returns, but also potential downside protection.

What’s inside the S&P SmallCap 600?

Introduced in 1994, the S&P 600® provides investors with a benchmark for small-sized companies in the U.S. equities market. The advent of the small-cap space began in 1981 with research by Rolf Banz, finding that “smaller firms have had higher risk-adjusted returns, on average, than larger firms.”¹ Then, in the early 1990s, Nobel Prize winner Eugene F. Fama and co-author Kenneth R. French introduced the three-factor model of market risk, value, and small-cap factors that now serves as the foundation for much of the current research on the topic.² The S&P SmallCap 600 covers approximately 2.5% of the U.S. equities market, and is part of the S&P U.S. Indices that can be used as building blocks for portfolio construction. S&P Dow Jones Indices identifies important industries within the U.S. equity market, approximates the relative weight of these industries in terms of market capitalization, and then allocates a representative sample of small-sized stocks within each industry to the S&P SmallCap 600.

The index comprises 11 sectors, according to the Global Industry Classification Standard® (GICS®), with the top 5 sectors making up over 75% of the S&P SmallCap 600. The 11 sectors and their respective weights are listed in alphabetical order below:

**S&P SmallCap 600 Sectors³**

- Communication Services (2.1%)
- Consumer Discretionary (14.0%)
- Consumer Staples (4.1%)
- Energy (3.3%)
- Financials (17.9%)
- Health Care (12.6%)
- Industrials (17.5%)
- Information Technology (14.1%)
- Materials (4.9%)
- Real Estate (7.3%)
- Utilities (2.3%)

The S&P SmallCap 600 covers approximately 2.5% of the U.S. market. The index implements changes on an as-needed basis. Constituent deletions may occur due to bankruptcy, mergers, acquisitions, significant restructuring, or substantial violation of one or more of the eligibility measures. Constituents removed from the index are replaced by an addition at the time of the deletion. To be eligible for inclusion in the index, a company should be a U.S. company, meet market capitalization requirements, maintain a public float of at least 10% of its shares outstanding, and its most recent quarter’s earnings and the sum of its trailing four consecutive quarters’ earnings must be positive. Complete details of index inclusion and exclusion criteria are available in the Index Methodology.

Index Committee

The S&P SmallCap 600 is maintained by the U.S. Index Committee. All committee members are full-time professional members of S&P Dow Jones Indices’ staff. The committee meets monthly. At each meeting, the Index Committee reviews pending corporate actions that may affect index constituents, statistics comparing the composition of the indices to the market, companies that are being considered as candidates for addition to an index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts, or other matters. The Index Committee establishes rules and policies that are objective and distinct from S&P Dow Jones Indices’ other business operations and interests. Companies are not removed from or added to S&P Dow Jones Indices because of anticipated future stock price performance. Rather, the Index Committee’s informed approach keeps turnover low and allows quick adjustments when a company’s financial status or overall market conditions change.

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³ Source: S&P Dow Jones Indices LLC. Data as of Oct. 31, 2019. Sectors and constituents are listed alphabetically.
Performance of the S&P 500®, S&P MidCap 400®, and S&P SmallCap 600

December 31, 2021

Source: S&P Dow Jones Indices LLC. Chart is based on monthly total returns between Dec. 31, 1994 and Dec. 31, 2021. Past performance is no guarantee of future results. Chart is provided for illustrative purpose.

Distribution of the S&P SmallCap 600

Index levels are available through S&P Dow Jones Indices’ website, spglobal.com/spdji, as well as through major quote vendors, such as Bloomberg (SML) and Thomson Reuters (.SPCY), numerous investment-oriented websites, and various print and electronic media. S&P Dow Jones Indices’ website also provides an archive of recent index announcements and press releases, as well as a monthly release, that provide total returns for S&P DJI’s headline indices.

The Global Real-time Index Platform (GRIP) at S&P Dow Jones calculates and disseminates values for the S&P SmallCap 600 directly to the Chicago Mercantile Exchange (CME) and New York Stock Exchange (NYSE). In turn, the exchanges distribute the index’s values to numerous quotation vendors. This ensures that the index has the widest possible means of distribution.

Market Capitalization Coverage of S&P U.S. Equities*

- **83.12%** S&P 500
- **5.08%** S&P MidCap 400
- **2.22%** S&P SmallCap 600
- **9.59%** S&P TMI ex-1500

*Domestic common stocks traded in the U.S., excluding ADRs, limited partnerships, mutual funds, and warrants.


The S&P SmallCap 600 is float-adjusted market-cap weighted (shares outstanding X stock price X investable weight factor), and each company’s influence on index performance is proportional to its float-adjusted market value. The daily index values reported in the media reflect only price action of the underlying component stocks. These values do not account for any dividend income. S&P Dow Jones Indices calculates a separate total return index that recognizes dividend reinvestment; this total return index is generally cited when comparing index performance against the performance of mutual funds or other investments.