

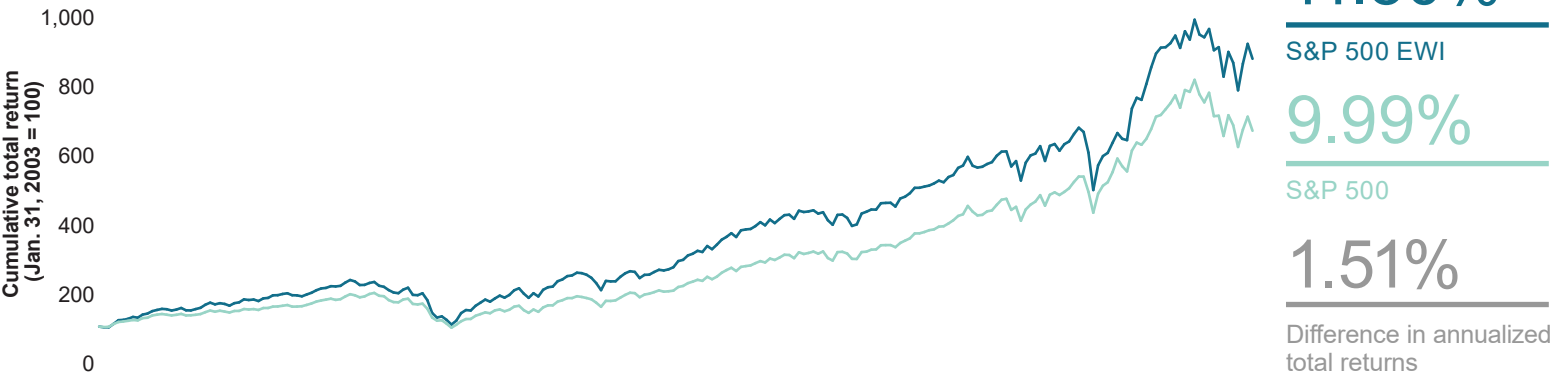
# S&P Dow Jones Indices

A Division of **S&P Global**

## Equal-weighting the S&P 500: 20 years and counting

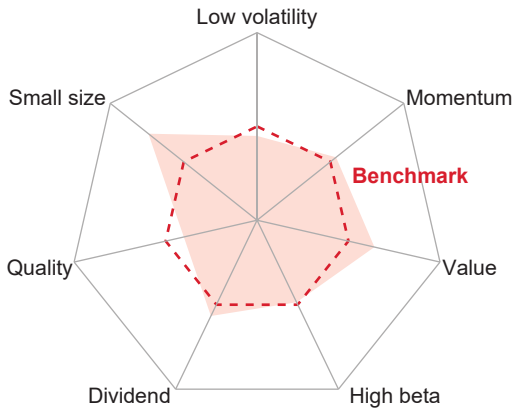
As we celebrate two decades of equal-weighting the S&P 500, we're reflecting on the unique features of the S&P 500® Equal Weight Index (EWI) and how it compares to its iconic parent index. The S&P 500 EWI includes the same constituents as the capitalization-weighted S&P 500 but equally weights each company at each quarterly rebalance.

### Cumulative total return (Jan. 2003–Dec. 2022)



Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2003, to Dec. 31, 2022. Index performance based on total returns in USD. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

### Factor exposure of the S&P 500 Equal Weight Index



Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2022. Chart is provided for illustrative purposes.

The key driver of equal weight outperformance is its small size exposure relative to the S&P 500. The equal weight strategy also has tilts towards value and dividends.

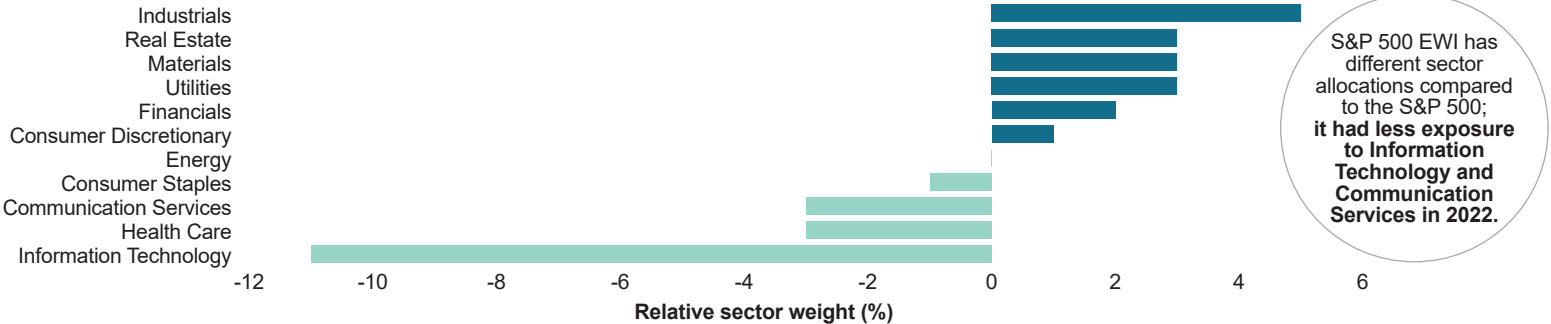
### % of large-cap managers underperforming the S&P 500 and the S&P 500 Equal Weight Index



Source: S&P Dow Jones Indices LLC. Data from June 30, 2002 to June 30, 2022. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

The S&P 500 EWI has been hard for active managers to beat, with 99% of large-cap active managers underperforming the index over the last 20 years.

### Relative GICS® sector weights (S&P 500 Equal Weight Index vs. S&P 500)



Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2022. Chart shows the GICS sector weight of the S&P 500 Equal Weight compared to the S&P 500. Chart is provided for illustrative purposes.

To learn more, read our whitepaper, **Concentration within Sectors and Its Implications for Equal Weighting.**

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As of April 1, 2023.  
Source: S&P Dow Jones Indices.  
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## PERFORMANCE DISCLOSURE/BACK-TESTED DATA

The S&P 500 Equal Weight Index was launched January 8, 2003. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance, and is based on the index methodology in effect on the index launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Complete index methodology details are available at [www.spdji.com](http://www.spdji.com). Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations. Back-tested performance is for use with institutions only; not for use with retail investors.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate S&P DJI's ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using "Backward Data Assumption" (or pulling back) of ESG data for the calculation of back-tested historical performance. "Backward Data Assumption" is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as "product involvement") were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on "Backward Data Assumption" please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used.

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