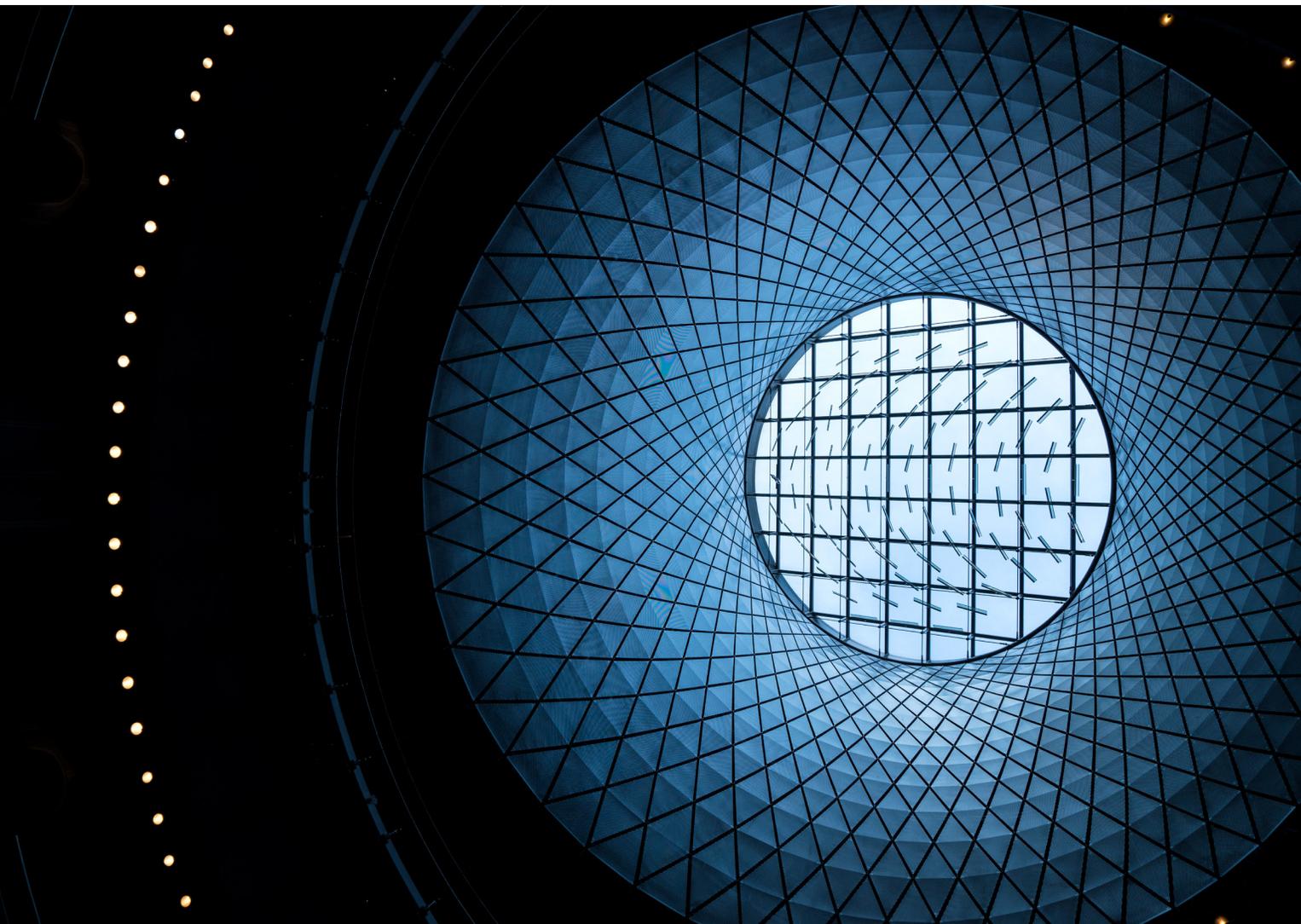


# S&P 500<sup>®</sup> Market Leaders Index



**S&P Dow Jones  
Indices**

A Division of **S&P Global**

# Tracking Leading Companies with Significant Market Share and High-Quality Attributes

## Index Overview

Launched in 2024, the [S&P 500 Market Leaders Index](#) tracks market-leading companies within the S&P 500, identified by their sustained high free cash flow (FCF) Margin, sustained high return on invested capital (ROIC) and significant market share.

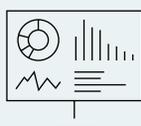
Significant market share and high-quality attributes may indicate a competitive advantage, a distinctive edge that allows a company to outperform its competitors. This advantage can stem from various sources such as network effects, economies of scale, strong brand and high switching costs.

## Key Index Characteristics



### Significant long-term outperformance:

On a hypothetical back-tested basis, the index has significantly outperformed The 500™ over the long term, achieving higher upside capture while maintaining lower downside capture.



### Strong tilt to quality:

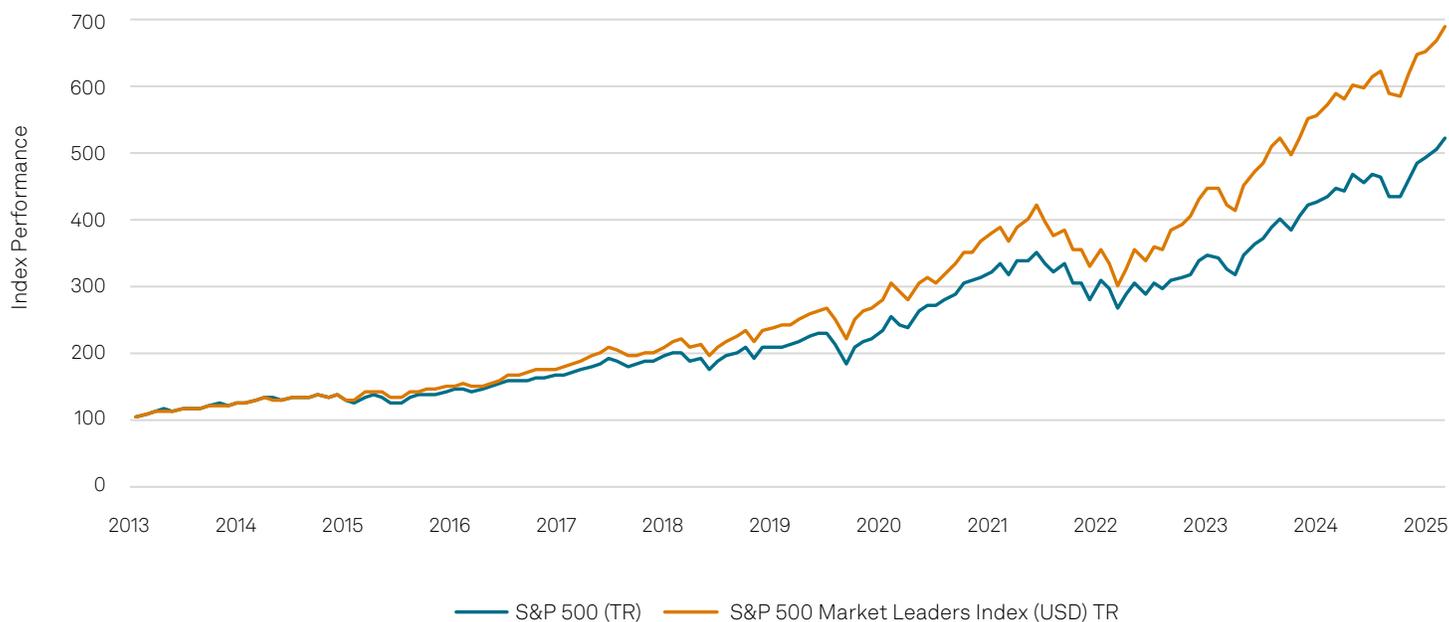
The index has historically demonstrated a strong quality tilt, with constituents exhibiting higher profitability and defensive characteristics.



### Market-leading companies:

Utilizes market share, FCF Margin and ROIC as systematic measures to indicate potential competitive advantages.

## Back-Tested Outperformance versus the S&P 500



Source: S&P Dow Jones Indices LLC. Data from June 28, 2013, to Sept. 30, 2025. The S&P 500 Market Leaders Index was launched Dec. 4, 2024. All data prior to such date is back-tested hypothetical data. 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.

## S&P 500 Market Leaders Index Methodology Snapshot

Metric	Details
Universe	S&P 500 (excluding REITs)
Market Leader Indicators	<ol style="list-style-type: none"> <li>1. High market share</li> <li>2. Sustained high ROIC (five-year average)</li> <li>3. Sustained high FCF margin (five-year average)</li> </ol>
Market Leader Score	Transformed average of the three Market Leader indicator z-scores
Constituents #	Top 50 based on Market Leader score
Weighting	FMC weighted with single stock cap of 4.5%
Rebalancing	Semiannually in June and December

Source: S&P Dow Jones Indices LLC. Data as of August 2025. For the full methodology rules, please refer to the [S&P 500 Market Leaders Index Methodology](#). Table is provided for illustrative purposes.

## Back-Tested Risk/Performance Statistics

Across the full back-tested period, the S&P 500 Market Leaders Index outperformed the S&P 500 in terms of absolute returns while exhibiting lower volatility, resulting in improved risk-adjusted returns. The index provided not only greater upside potential but also a defensive stance.

Period	S&P 500	S&P 500 Market Leaders Index
Annualized Return (%)		
Full Period	14.30	16.87
YTD	14.83	15.41
1-Year	17.60	17.10
3-Year	24.94	31.62
5-Year	16.47	18.59
10-Year	15.30	18.14
Annualized Volatilities (%)		
Full Period	14.52	14.23
Risk-Adjusted Return		
Full Period	0.99	1.19
Drawdown (%)		
Full Period	-23.87	-28.51
Capture Ratio (%)		
Upside Capture	-	102.91
Downside Capture	-	89.69

Source: S&P Dow Jones Indices LLC. Data from June 28, 2013, to Sept. 30, 2025. Index performance based on monthly total return in USD. The S&P 500 Market Leaders Index was launched Dec. 4, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Table 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.

## S&P 500 Market Leaders Index Aligns Closely with the Quality Factor

Back-tested fundamental analysis of the S&P 500 Market Leader Index's constituents reveals a focus on profitability and efficiency that aligns closely with the quality factor.

### Back-Tested Comparison of Fundamental Analysis Metrics versus the S&P 500



Source: S&P Dow Jones Indices LLC. Data from June 28, 2013, to Sept. 30, 2025. The S&P 500 Market Leaders index was launched Dec 4, 2024. All data prior to such date is back-tested hypothetical data. 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.

### Back-Tested Sector and Constituent-Level Diversification

The S&P 500 Market Leaders Index is weighted by float market capitalization. Despite this, the index has been well-diversified across sectors, with a lower weighting to the Magnificent 7 companies than the S&P 500.

#### Back-Tested Long-Term Average Sector Weights

Sector	S&P 500 Market Leaders Index (%)	Index Active Sector Weight Long-Term Average (%)	Current Active Sector Weight (September 2025 %)
Communication Services	5.37	-1.18	-0.15
Consumer Discretionary	12.31	0.80	1.29
Consumer Staples	18.29	10.51	8.76
Energy	1.26	-4.31	-2.70
Financials	4.23	-9.38	3.52
Health Care	13.27	-0.46	-7.13
Industrials	4.11	-5.17	-4.94
Information Technology	41.14	16.83	7.41
Materials	0.01	-2.72	-1.77
Real Estate	0.00	-1.98	-1.94
Utilities	0.00	-2.95	-2.35

On Sept. 30, 2025, the Magnificent 7's total weight in the S&P 500 Market Leaders Index was 25.16%, approximately 9% less than their weight in the S&P 500.

Source: S&P Dow Jones Indices LLC. Data from June 28, 2013, to Sept. 30, 2025. The S&P 500 Market Leaders Index was launched Dec. 4, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Table 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.



For more insights into the index series, please refer to [Introducing the S&P 500 Market Leaders Index](#).

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## CONTACT US

### U.S.

+1-877-325-5415

### EMEA

+44-20-7176-8888

### UAE

+971(0)4-371-7131

### China

+86-10-5713-2550

### India

+91-22-2272-5312

### Japan

+81-3-4520-2860

### Australia

+61 2-9255-9802

### Latin America

+52 55-1037-5290

### South Africa

+27-11214-1994

## Performance Disclosure/Back-Tested Data

The S&P 500 Market Leaders Index was launched December 4, 2024. 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. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Complete index methodology details are available at [www.spglobal.com/spdji](http://www.spglobal.com/spdji). 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.

Index returns shown do not represent the results of actual trading of investable assets/securities. S&P Dow Jones Indices maintains the index and calculates the index levels and performance shown or discussed but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

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