

# S&P Dow Jones Indices

A Division of **S&P Global**

## S&P 500<sup>®</sup> Quality Index

### Strong Fundamentals with Defensive Characteristics

Launched in 2014, the S&P 500 Quality Index measures the performance of S&P 500 stocks selected on three fundamental measures: return on equity, accruals ratio and financial leverage.

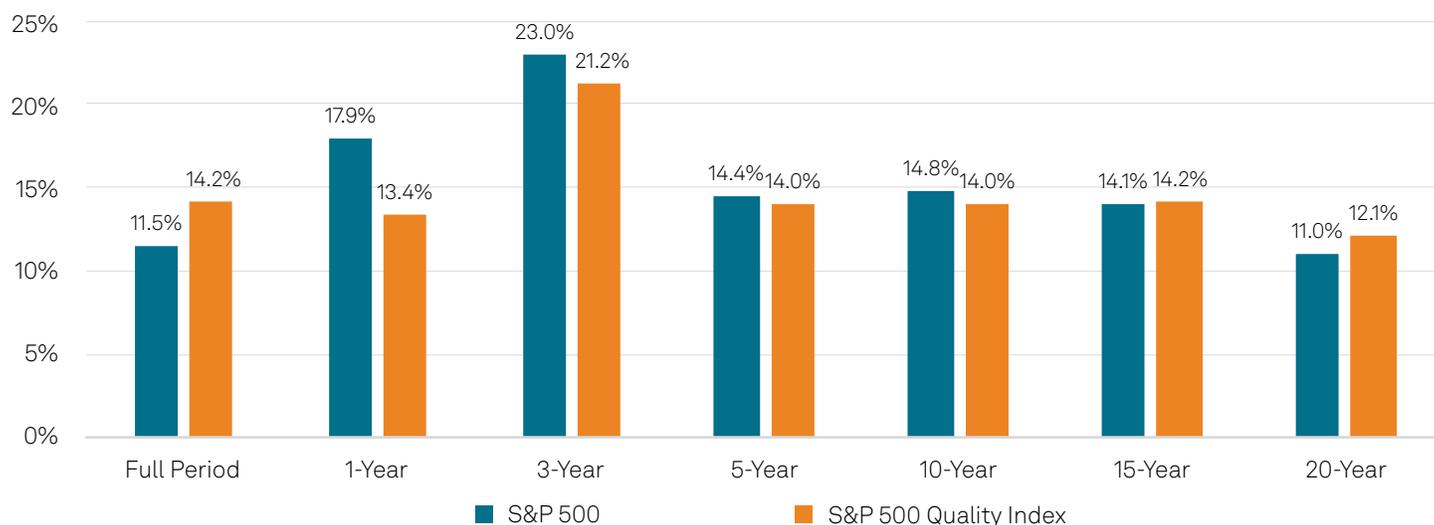
### Key Characteristics

- **Track record of outperformance:** The S&P 500 Quality Index has outperformed The 500<sup>®</sup> on both an absolute and risk-adjusted basis over a 30-year period.
- **Demonstrated defensive traits:** Back-tested data shows the index has tended to outperform The 500 during periods of market stress, historically.
- **Focus on high-quality fundamentals:** The quality score used in the index methodology aims to identify companies with strong fundamental quality, defined by high return on equity, low accruals and low financial leverage.

### Track Record of Outperformance

Based on a back-tested 30-year period, the S&P 500 Quality Index demonstrated a 14.2% annualized gain, outperforming the S&P 500 by 2.8% with lower volatility.

### Annualized Performance



Risk-Based Metrics	S&P 500	S&P 500 Quality Index
Annualized Volatility	15.27%	14.19%
Risk-Adjusted Return	0.75	1.00

Source: S&P Dow Jones Indices LLC. Data from Dec. 29, 1995, to Dec. 31, 2025. The S&P 500 Quality Index was launched on July 8, 2014. All data prior to such date is back-tested hypothetical data. Index performance based on total return in USD. Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes and reflect 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 use with institutions only, not for use with retail investors

## Defensive Characteristics

Over the back-tested 30-year period, the S&P 500 Quality Index demonstrated in upside performance in line with the S&P 500 while mitigating drawdowns.

### Index Comparison

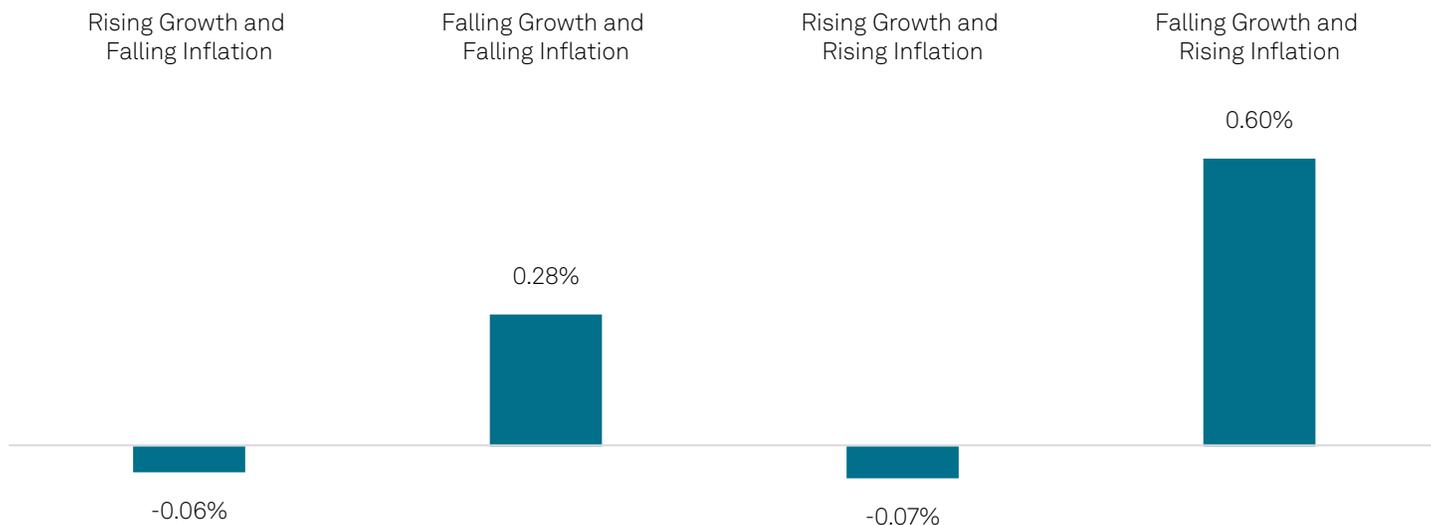
	S&P 500	S&P 500 Quality Index
Largest Drawdown	-50.95%	-44.40%
<b>Upside Capture Ratio</b>	1.00	95.70
<b>Downside Capture Ratio</b>	1.00	81.76

Source: S&P Dow Jones Indices LLC. Data from Dec. 29, 1995, to Dec. 31, 2025. The S&P 500 Quality Index was launched on July 8, 2014. All data prior to such date is back-tested hypothetical data. Index performance based on total return in USD. 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.

Given its defensive attributes, the S&P 500 Quality Index has tended to significantly outperform The 500 in periods of market stress, which are represented by:

- Periods of falling growth, as illustrated in the chart below.
- Periods of high volatility, which are characterized by elevated levels in the Cboe Volatility Index (VIX®)—a benchmark that measures implied volatility of the S&P 500 for the next 30 days.
- Periods when S&P 500 monthly performance was at its lowest, based on the bottom quintile of performance during the back-tested, 30-year timeframe.

### Macroeconomic Environments: S&P 500 Quality Index Back-Tested Excess Returns versus the S&P 500

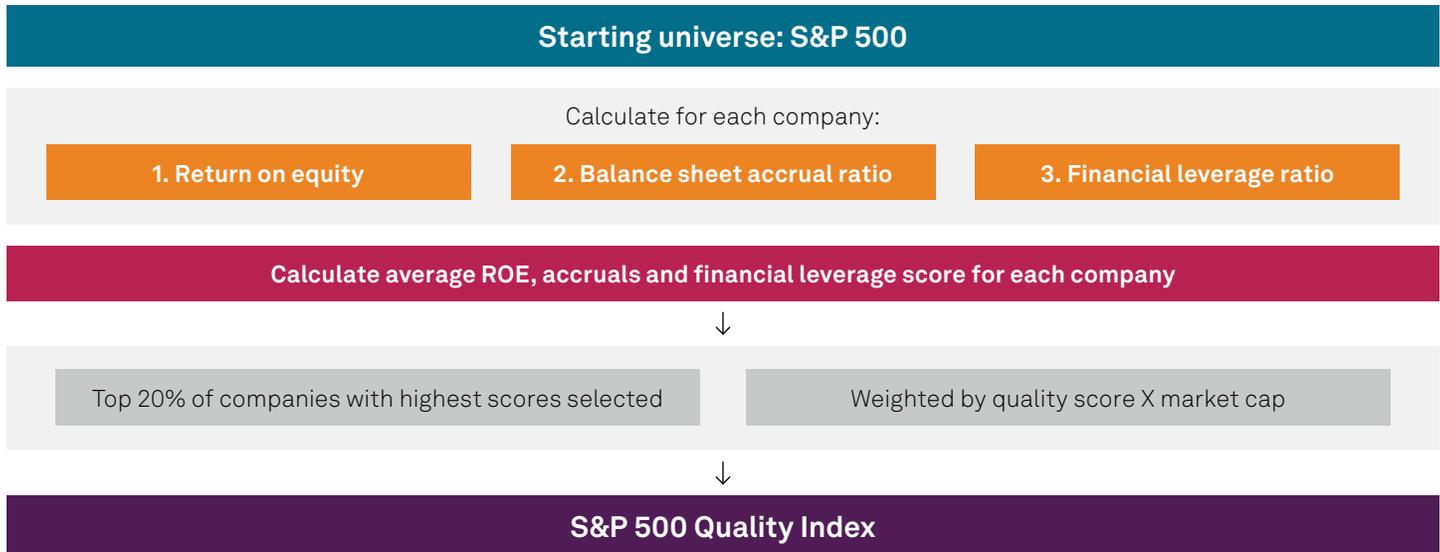


Source: S&P Dow Jones Indices LLC. Data from Dec. 29, 1995, to Nov. 28, 2025. The S&P 500 Quality Index was launched on July 8, 2014. All data prior to such date is back-tested hypothetical data. Index performance based on total return in USD. Past performance is no guarantee of future results. Chart 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.

## Focus on High-Quality Fundamentals

The S&P 500 Quality Index tracks the top 100 high-quality stocks in the S&P 500. It selects constituents based on the average of three fundamental measures: return on equity, balance sheet accrual ratio and financial leverage ratio. The constituents are then weighted by a product of their assigned quality score and their float-adjusted market capitalization.

### S&P 500 Quality Index Methodology

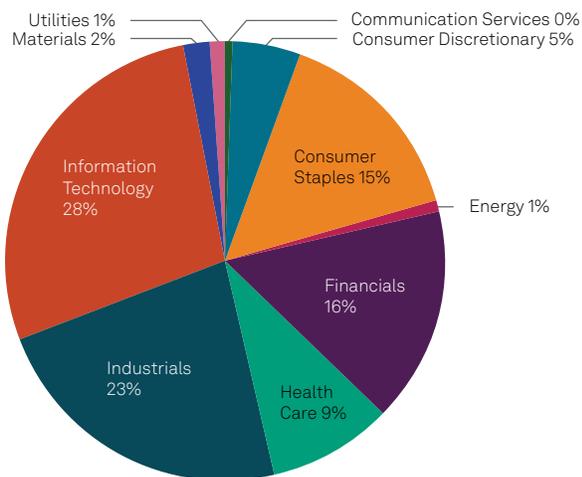


Source: S&P Dow Jones Indices LLC. Chart is provided for illustrative purposes. For more information, please see the [S&P Quality Indices Methodology](#).

## Sector Profile

The S&P 500 Quality Index's largest sector weights include Information Technology, Consumer Staples, Industrials and Financials. Compared to the S&P 500 over the past 25 years, the S&P 500 Quality Index had a notable overweight to Consumer Staples and underweight to Financials.

### Current Sector Profile



Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2025. Based on GICS® sectors. The weightings for each sector are rounded to a tenth of a percent, so the aggregate weight may be less than 100%. Chart is provided for illustrative purposes.

### Average Sector Weights (%)

Sectors	S&P 500	S&P 500 Quality
Communication Services	5.55	1.60
Consumer Discretionary	11.32	10.60
Consumer Staples	9.27	16.35
Energy	7.57	6.66
Financials	15.60	5.95
Health Care	12.91	18.45
Industrials	10.28	11.46
Information Technology	20.34	24.63
Materials	3.13	3.74
Real Estate	0.83	0.21
Utilities	3.18	0.35

Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 1995, to Dec. 31, 2025. The S&P 500 Quality Index was launched on July 8, 2014. All data prior to such date is back-tested hypothetical data. Index performance based on total return in USD. 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.

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