

U.S. Equities February 2024

Key Highlights

- The [S&P 500®](#) was up 5.17% in February, bringing its YTD return to 6.84%.
- The [Dow Jones Industrial Average®](#) rose 2.22% for the month and was up 3.47% YTD.
- The [S&P MidCap 400®](#) gained 5.80% for the month, bringing its YTD return to 3.92%.
- The [S&P SmallCap 600®](#) was up 3.15% in February and was down 1.00% YTD.

Exhibit 1: Index Returns

Index	1-Month (%)	YTD (%)	3-Month (%)	1-Year (%)	3-Year (%)
S&P 500	5.17	6.84	11.57	28.36	33.72
Dow Jones Industrial Average	2.22	3.47	8.47	19.41	26.07
S&P MidCap 400	5.80	3.92	12.76	11.14	15.80
S&P SmallCap 600	3.15	-1.00	11.48	4.47	2.07

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Market Snapshot

Neither inflation nor Fed rates nor interest costs nor gloom of consumer and government debt (nor government shutdowns—seems we have more concerns than the saying has room for) stays these markets from the swift completion of their appointed new closing highs, as delivered by the S&P 500's eight new closing highs in February (closing the month on one of them, at 5,096.27, though the intraday high was 5,111.06), after six in January. The Dow Jones Industrial Average has also posted closing highs—seven each in the month of February, January and December). For February, the S&P 500 broke through and traded above 5,000 for the first time, reaching above 5,100 as well, but leaving that close to another day. It posted its fourth month of broad gains, up 5.17% (5.34% with dividends), after January's 1.59%,

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December's 4.54% and November's 8.92% (cumulatively 21.52%), which followed three months of losses (-8.61%). Year-to-date, the index was up 6.84% (7.11%), as the 2023 return was up 24.23% (26.29%), making up for 2022's 19.44% decline; the one-year return was 28.36% (30.45%). The index was up 50.50% (60.64%) from its pre-COVID-19 Feb. 19, 2020, closing high.

All 11 S&P 500 sectors gained for February, compared with 5 for January and 10 in December (8 of 11 for 2023). Consumer Discretionary did the best, up 8.60% for the month (up 4.74% YTD and down 7.79% from the 2021 close), and Utilities did the worst, up 0.53% (down 2.55% YTD and down 13.75% from the close of 2021). Breadth improved (351 up and 151 down, compared with last month's 224 up and 279 down), with YTD breadth turning positive (302 up and 201 down; for 2023, 322 issues were up and 179 down, a reversal of 2022's 139 gainers and 363 decliners). February posted gains for 13 of its 20 trading days (11 of 21 last month), while trading increased 4% over January and was down 3% over February 2023.

The Magnificent 7¹ continued, although it appears to have become more of a one-company show, with Nvidia (NVDA) gaining 28.6% for the month (up 59.8% YTD and up 441% from the close of 2022) and representing 20% of the February total return for the S&P 500 and 26% YTD. Nvidia briefly traded above the USD 2 trillion mark, joining Microsoft (MSFT; USD 3.07 trillion) and Apple (AAPL; USD 2.64 trillion, with Nvidia at USD 1.95 trillion) as the dominating gang of three (making up 17.9% of the S&P 500; Alphabet's two issues add up to USD 1.52 trillion and account for 3.5% of the index). So the trillion dollar question is—how long can it go on for? The answer may be found in the two days prior to its earnings and sales blowout release (which ended with the company posting a record USD 273 billion market gain that next day), when some took profits (-7% for two days) but got back in—because you have to be in it to win it. The run will continue as long as the market believes superior growth will continue.

It looked like March was going to open with the “same old, same old” story of a government shutdown, although this time in two acts—a March 1 partial and March 8 full. However, on February 29 (a day before the deadline), the House approved (320-99 vote) a stopgap budget to extend the deadline to March 8 and March 22, and the Senate passed it (77-13) late that night. Politics (the upcoming election) will likely dominate the headlines, but the Street has not yet taken a position on the outcome (presidential, Senate and House), with potential portfolios drawn up based on a Biden-Trump redo. Beyond politics (we won't go into Beyond Meats' [BYND] February 61.5% gain, given that it's down 77% from its 2019 IPO and down 96% from its high) was continued government spending (CHIPS, IRA, infrastructure), deficit spending and interest costs, with consumers adding in support (via continued paychecks with low unemployment), as the Fed's first expected cut was moved from March (it meets March 18-19)

¹ The Magnificent Seven include Apple, Amazon.com, Alphabet, Meta Platforms, Microsoft, Nvidia and Tesla.

to June (11-12). The January FOMC Minutes showed the Fed saw lower interest rates coming but that more data were needed to act.

Also playing in March are the usual CPI, PPI and PCE characters, as well as employment reports (employment, claims, availability), alongside off-fiscal earnings reports, now returning for the Q1 2024 show (FedEx [FDX] and Nike [NKE] to report March 24), and as has become the recent trend, the investor flows watch (especially away from the USD 6 trillion in money markets and into the market).

The S&P 500's one-year Street consensus target price increased for a third month, after declining for two months, which followed 11 consecutive months of gains (which was after 9 consecutive months of declines), to 5,582, a 9.5% gain (9.0% last month) from the current price, and up from last month's 5,280 (5,122 the month before that). The Dow[®] target price increased for the third month, after two months of declines, which was after three months of gains, to USD 42,300, an 8.5% gain (7.4%) from now (40,955, 39,445).

The House of Representatives passed (357-70) a bipartisan USD 78 billion 10-year tax bill (the Tax Relief for American Families and Workers Act of 2024), with the mechanics being stimulus upfront, adding USD 136 billion this year and USD 72 billion in 2025, with revenue expected to start in 2027 (that keeps the expected cost down to USD 76 billion). The major components were corporate tax deductions for research and development, full expensing of capital equipment and an extended and expanded Child Tax Credit, but the Senate did not pass it.

The U.S. Senate passed (70-29) a USD 95.43 billion bill including USD 60 billion in aid for Ukraine (USD 20 billion for replenishing U.S. stockpiles and USD 13.8 billion for Ukraine to buy U.S. weapons) and USD 14.1 billion for Israel; the bill did not address the U.S. border issue, but the House did not pass it.

In various ongoing congressional procedures, Congress voted not to impeach Homeland Security Secretary Alejandro Mayorkas, and an investigation into classified documents found at President Biden's home (from when he was vice president) found there was no legal action needed.

The Bank of England met and, as expected, held its interest rate unchanged at 5.25%; it also indicated that it was done increasing interest rates but gave no indications on when it would start to cut them. The People's Bank of China cut its benchmark five-year prime loan interest rate by 0.25%, to 3.95%. The January Chinese CPI declined 0.8% year-over-year, the largest decline in 15 years, as the PPI declined 2.5% year-over-year.

The Japanese Nikkei Stock Index set a new closing high of 39,098, surpassing the prior closing high of 38,916 (it dropped over 80% in February 2009, to 7,568) set on Dec. 29, 1989—34 years ago (the S&P 500 has set 681 new closing highs during that time period).

The S&P Global BMI posted a broad gain of 4.11% in February, after January's consolidating 0.13% gain from strong December and November gains of 5.16% and 9.05% (October was -3.44% and September was -4.29%). Absent the U.S.'s 5.27%, the gain dropped to 2.33%, while the YTD gain was 4.24% and, absent the U.S.'s 6.35%, it was 1.10%. For the one-year period, global markets were up 19.34% and up 9.48% without the U.S.'s 26.61% gain, as the two-year gain for the S&P Global BMI was 7.52% and down 1.78% without the U.S.'s 14.36% gain, with the three-year period up 12.57% and down 4.49% without the U.S.'s 26.66% gain.

For February, the S&P Global BMI increased USD 3.201 trillion (down USD 0.091 trillion last month) and was up USD 3.292 billion YTD (it was up USD 12.186 trillion for 2023), to USD 81.236 trillion. Non-U.S. markets increased USD 0.723 trillion (down USD 0.390 trillion last month) and were up USD 0.333 trillion YTD (up USD 3.481 trillion for 2023), to USD 31.678 trillion, while the U.S. market increased USD 2.478 trillion (up USD 0.481 trillion last month) and was up USD 2.959 trillion YTD (up USD 8.704 trillion for 2023), to USD 49.558 trillion.

Sector variance decreased, as 10 of the 11 sectors gained, compared with 5 in January and all 11 in December and November (which was a complete reversal from October, when all 11 declined). The February spread between the best-performing sector (Consumer Discretionary, 7.58%) and the worst-performing sector (Utilities, -0.83%) increased to 8.41% from January's 7.98%. For 2023, the spread was 66.59%: Information Technology, 56.39%; Utilities, -10.20%.

Emerging markets posted a consolidated 4.06% gain, after January's 3.48% decline, with the YTD gain at 0.41%, as the one-year return was 7.36% (the 2023 return was 7.55%). The two-year return was down 10.10% and the three-year return was down 18.64%. Of the 23 markets, 16 gained, compared to 9 last month; the best for the month was China, up 8.41% (-3.73% YTD and -16.74% for the one-year period), and the worst was South Africa, down 5.79% (-10.45% YTD and -9.07% for the one-year period).

Developed markets posted a consolidated 4.11% gain, after January's 0.55% gain, as the YTD gain was 4.69%; excluding the U.S., developed markets were up 1.73% for the month and up 1.34% YTD. The one-year gain was 20.83% and 10.25% without the U.S., as the two-year return was 9.83% and 1.33% excluding the U.S., with the three-year return up 17.14% and up 1.06% excluding the U.S. Of the 25 markets, 14 posted a gain for February, compared with 6 gaining in January; the best performer for the month was Ireland, up 8.60%, up 11.83% YTD and up 32.24% for the one-year period, and the worst was Portugal, down 5.70%, down 12.28% YTD and down 5.86% for the one-year period.

Healthcare issue Cigna (CI) said it would sell its Medicare unit to Health Care Service Corporation for USD 3.7 billion. Healthcare issue Merck (MRK) said it would buy Elanco Animal Health's (ELAN) aqua business for approximately USD 1.3 billion. Shale producer Diamondback Energy (FANG) said it would buy privately held oil and gas producer Endeavor Energy Resources for USD 26 billion (cash and stock). Current pending energy mergers

include Exxon's (XOM) purchase of Pioneer Natural Resources (PXD) for USD 60 billion in stock and Chevron's (CVX) purchase of Hess (HES) for USD 53 billion in stock, both of which are expected to be completed in Q2 2024.

Biopharmaceutical issue Gilead Sciences (GILD) said it would buy liver disease treatment issue CymaBay Therapeutics (CBAY) for USD 4.3 billion in cash. Financial issue Capital One (COF) said it would buy Discover Financial (DFS) for USD 35 billion in stock (a 27% premium to the pre-disclosure price). Oil and gas issue Chord Energy (CHRD) and Canadian energy issue Enerplus (ERF) said they would merge. Materials issue Alcoa (AA) said it would acquire Australian issue Alumina for USD 2.2 billion in stock. The Federal Trade Commission sued to block the USD 25 billion merger of the two largest supermarkets in the U.S., as Kroger (KR) is attempting to buy Albertsons (ACI). Privately held Cox Enterprise said it would buy privately held government software issue OpenGov for USD 1.8 billion. Retailer Walmart (WMT) said it would buy smart television maker Vizio Holding (VZIO) for USD 3 billion.

Message board service Reddit filed for its IPO on the New York Stock Exchange, under the ticker "RDDT." Estimates were that the issue would be valued at USD 5 billion (it was valued at USD 10 billion in a 2021 financing round), with a potential offering within a few weeks. 3M (MMM) plans to spin off its healthcare business, Solvatum (USD 8.4 billion in sales in 2022), into an independent public company, though it will retain 19.9% ownership; the transaction is expected to be completed in the first half of 2024.

For Q4 2023, 485 issues have reported, representing 97.2% of the market value, with 359 beating operating estimates (for a 74.0% beat rate), as 322 of 483 (66.7%) have beaten on sales. Estimates call for a 3.5% increase over Q3 2023 and a 7.4% gain over Q4 2022. Sales are coming in strong, up 3.0% over Q3 2023 and up 4.6% over Q4 2022, and they are expected to set a record quarter (surpassing USD 4 trillion for the first time) as well a record year in 2023 (USD 15.6 trillion).

Operating margins for Q4 2023 are expected to slightly increase to 11.21% from 11.15% in Q3 2023 (the average since 1993 is 8.39%, and the record is 13.54% in Q2 2021). To date, the significant EPS impact due to share count reduction for Q4 2023 was 12.8%, compared with Q3 2023's 13.8% and 19.4% in Q4 2022. For 2023, earnings estimates call for an 8.5% increase, and the forward P/E is 23.8. For 2024, earnings estimates call for a 12.6% increase, and the forward P/E is 21.2.

Regional bank New York Community Bancorp (NYCB), which purchased the assets of the collapsed Signature Bank last year, posted a loss and increased its reserves for future losses. Ride-hailing issue Lyft (LYFT) made a mistake in its press release by stating margins would expand 500% this year, as the stock went up over 60% in after-hours trading, before the company then corrected the 500% to 50%; however, the stock still ended the month up 35.1%.

Electronic circuit maker issue Nvidia declined 7% prior to releasing its earnings, as concern over the high expectations for the release led to profit taking. After the close on Feb. 21, 2024, the company significantly beat estimates and issued positive earnings, and the stock increased 16% for the day (setting a new high), with a record-setting USD 273 billion gain in market value for the day (the gain was larger than 477 issues in the S&P 500). The issue was up 58.6% YTD and up 490% from the 2021 close, as its market value rose to USD 1.94 trillion to become the third-largest issue in the S&P 500 (behind Microsoft at USD 3.06 trillion and Apple at USD 2.70 trillion).

Apple said it would cancel its plans to build an electric vehicle (an estimated 2,000 workers were working on the project). Two issues did stock splits this month (the first for 2024; there were four in 2023): Walmart (WMT) executed a 3-for-1 stock split and Cooper Companies executed a 4-for-1 stock split. S&P Dow Jones Indices added web-based retailer Amazon.com (AMZN) to the Dow Jones Industrial Average, as it removed retail drug store Walgreens Boots Alliance (WBA).

The 10-year U.S. Treasury Bond closed at 4.26%, up from last month's 3.93% (3.88% for 2023, also 3.88% at year-end 2022, 1.51% at year-end 2021, 0.92% at year-end 2020, 1.92% at year-end 2019, 2.69% at year-end 2018 and 2.41% at year-end 2017). The 30-year U.S. Treasury Bond closed at 4.39%, up from last month's 4.17% (4.04%, 3.97%, 1.91%, 1.65%, 2.30%, 3.02%, 3.05%). The pound closed at 1.2625, down from 1.2681 last month (1.2742, 1.2099, 1.3525, 1.3673, 1.3253, 1.2754, 1.3498); the euro closed at 1.0807, down from last month's 1.0813 (1.0838, 1.0703, 1.1379, 1.2182, 1.1172, 1.1461, 1.2000); the yen closed at 149.95, compared to last month's 146.95 (141.02, 132.21, 115.08, 103.24, 108.76, 109.58, 112.68); and the yuan closed at 7.1880, compared to last month's 7.0997 (7.1132, 6.9683, 6.3599, 6.6994, 6.9633, 6.8785, 6.5030).

Oil closed up 3.4% for the month, at USD 78.31 from last month's USD 75.77 close (USD 71.31 at year-end 2023, USD 80.45 at year-end 2022), while EIA all-grade gasoline was up 4.7% for the month (USD 3.365 currently, USD 3.214 last month, USD 3.238 at the end of 2023, USD 3.203 at year-end 2022 and USD 3.375 at year-end 2021). Since year-end 2020, oil was up 61.7% (USD 48.42 a barrel at year-end 2020), while gasoline was up 44.4% (USD 2.330 per gallon). As of January 2024, the EIA reported that the makeup of regular gasoline costs was 57% from crude oil, 16% from distribution and marketing, 11% from refining costs and 17% from taxes.

Gold closed at USD 2,052.20, down from last month's USD 2,057.80 (USD 2,073.60 at the end of 2023, USD 1,829.80 at the end of 2022, USD 1,901.60 at the end of 2021, USD 1,520.00 at the end of 2020, USD 1,284.70 at the end of 2019 and USD 1,305.00 at the end of 2018). VIX closed at 13.40, trading as high as 17.94 and as low as 12.69, down from 14.45 last month (21.67, 17.22, 22.75, 13.78 and 16.12). In 2023, it traded as high as 30.81 and as low as

11.81. In 2022, it traded as high as 38.89 and as low as 16.34. In 2021, it traded as high as 37.51 and as low as 14.10. In 2020, it traded as high as 85.47 and as low as 11.75.

Index Review

S&P 500

The S&P 500 ended February at a new closing high of 5,096.27, up 5.17% (5.34% with dividends) from January's close of 4,845.65, when it was up 1.59% (1.68%) from the prior month's close of 4,769.83 (4.42%, 4.54%), as the YTD was up 6.84% (7.11%). For the one-year period, the index was up 28.35% (30.45%), as the 2023 return was up 24.23% (26.29%) and the 2022 return was -19.44% (-18.11%). Monthly intraday volatility (daily high/low) decreased to 0.74% from 0.80% in January, as the YTD volatility was 0.76%; 2023 was 1.04%, 2022 was 1.83%, 2021 was 0.97% and 2020 was 1.51% (the long-term average is 1.42%). S&P 500 trading increased 4% (adjusted for trading days) for February, after being down 5% in January; the year-over-year February trades were 3% lower compared to February 2023. The 2023 trading volume was down 1% over 2022; 2022 posted a 6% increase over 2021.

For February, all 11 sectors gained, compared to January's 5 and 10 in December. Consumer Discretionary did the best for the month, up 8.60% (up 4.74% YTD), and Utilities did the worst, up 0.53% (down 2.55% YTD).

In February, 4 of the 20 trading days moved at least 1% (3 up and 1 down), as 1 increased at least 2%, while January had 3 of the 21 trading days (1 up and 2 down). For 2023, 63 of the 250 days moved at least 1% (37 up and 26 down) and 2 moved at least 2% (1 up and 1 down). Of the 20 trading days in February, 4 days had a high/low intraday spread of at least 1%, and none had at least a 2% spread, in contrast to the 21 trading days in January, when 4 days had a high/low intraday spread of at least 1%, and none had at least a 2% spread. For 2023, there were 113 intraday moves of at least 1%, 13 of at least 2% and none of at least 3% (the last 3% move was on Nov. 30, 2022), as 219 had at least a 1% spread in 2022, with 89 having at least a 2% spread and 20 a 3% spread (4 at 4% and 1 at 5%).

Breadth improved in February and turned positive, as 351 issues gained (an average of 7.33% each), compared with January's 224 gainers (4.75%). There were 96 gainers of 10% or more (15.04%), compared with 24 (13.29%) last month; 4 issues gained at least 25%, compared with 1 last month. On the downside, 151 issues fell (an average loss of 4.21%), compared with last month's 279 issues (-5.28%). For February, 9 issues declined at least 10% (-14.57%), compared with January's 39 decliners (-12.18%); no issue fell at least 25%, and none did last month. Year-to-date, there were 302 issues up (9.56%), with 121 up at least 10% (16.35%) and 10 up at least 25%, as 201 issues declined (-6.77%), with 46 down at least 10% (-15.52%) and none down at least 25%. For 2023, breadth improved, as 322 issues

gained, while 179 issues declined; 248 gained at least 10%, while 85 declined at least 10%, with 143 issues up at least 25% and 20 down at least 25%.

The Dow

S&P Dow Jones Indices added web-based retailer Amazon.com to the Dow Jones Industrial Average before the opening of business on Feb. 26, 2024, as it removed retail drug store Walgreens Boots Alliance, while superstore retailer Walmart executed a 3-for-1 stock split on the same day. Amazon.com joined the index at the 17th highest weight out of the 30 (UnitedHealth remained first), as Walmart dropped to 26 from 17 due to the stock split. Of note, Amazon.com joined Boeing and Salesforce as the only non-dividend-paying issues in the DJIA (Walgreens paid a dividend), though the DJIA will retain its higher yield over the S&P 500; later in the month, Salesforce announced that it would initiate a quarterly dividend. The old rule of thumb for each USD 1 change in any of the DJIA issues was for the DJIA to change 6.59 points; the new one is 6.55 points. Of note, at the time of the change, the impact was to change the current 12-month P/E from 26.62 to 26.51, and the yield declined from 1.96% to 1.93%, with the one-year target price growth going from 41,911 up to 42,865.

The Dow continued its winning ways, setting seven new closing highs in February, which was after seven in January and seven in December (2023), with the prior high set on January 3, 2022 (the opening day), as the new closing high was 39,131.53 and the new intraday high was 39,282.28. However, The Dow (up 2.22% for February) underperformed the S&P 500 (5.17%). Over time, The Dow historically has had similar returns to the S&P 500, but shorter term it has lagged, as it posted a 3.47% YTD gain compared to the S&P 500's 6.84%; for 2023 it gained 13.70% while the S&P 500 was up 24.23% (which was a product of The Dow's 2022 -8.78% decline compared to the larger decline of -19.44% for the S&P 500).

For the month, The Dow closed at 38,996.39, up 2.22% (2.50% with dividends) from January's 38,150.30 close, when it was up 1.22% (1.31%) from the prior month's close of 37,689.54 (4.82%, 4.93%). The YTD return was 3.47% (3.84% with dividends), the one-year return was 19.41% (22.03%) and 2023 was up 13.70% (16.18%). Longer term, the 3-year return was 26.07% (34.01% with dividends, 10.25% annualized), the 5-year return was 50.47% (67.46%, 10.86%) and the 10-year return was 138.92% (200.13%, 11.62%)—with all three periods being lower than the S&P 500.

Volatility decreased, as intraday swings (high/low) of at least 1% were posted for 4 of the 20 days, compared to 5 of the 21 days in January. For February, 2 of the days moved at least 1% (1 up and 1 down), compared to 1 last month (1 up and 0 down). The average intraday high/low increased to 0.75% in February, compared to 0.79% in January, with the YTD rate at 0.77%, as the 2023 rate was 0.96% (down from 2022's 1.63%).

For the month, breadth improved, as 20 of the 30 issues gained (with an average gain of 5.70%), compared with last month's 17 gainers (6.28%). For February, three issues gained at least 10% (average 13.76%); four did last month (11.60%). On the downside, 10 issues declined (an average loss of 3.53%), compared with last month's 13 (-6.42%). One issue declined at least 10% (-12.87%), as four (-15.14%) did month. Year-to-date, 20 issues were up (-10.32%), with 10 up at least 10% (15.46%), as 10 were down (-8.44%) with 3 down at least 10% (-17.30%). For 2023, 19 issues gained (18 YTD last month), while 11 issues declined (12); 13 (9) gained at least 10%, while 3 (4) declined at least 10%, with 8 (4) issues up at least 25% and 1 (1) down at least 25%.

On an issue level, entertainment issue Walt Disney (DIS) did the best for the month, up 16.17%, as it was up 23.58% for the YTD (the best in The Dow) and up 28.43% from the 2022 close, but down 27.96% from the close of 2021. Amazon.com, which was added to The Dow this month, was up 13.89%, up 16.34% YTD and up 110.32% from the close of 2022 (and up 6.02% from the close of 2021). Earthmoving and farm equipment issue Caterpillar (CAT) was the third issue to post double-digit gains for the month, up 11.21%, up 12.95% YTD, up 39.41% from the 2022 close and up 61.64% from the 2021 close. Biotechnology issue Amgen (AMGN) did the worst, as it fell 12.87% and was down 4.93% YTD, but it was up 4.27% from the 2022 close and up 21.72% from the 2021 close. Communications issue was next Verizon (VZ), as it was off 5.50%, up 6.154% YTD, up 1.57% from the 2022 close and down 22.98% from the 2021 close. Of note, healthcare issue UnitedHealth Group (UNH), which has the largest weight in the index at 8.3%, fell 3.54% for the month (down 6.24% YTD), as software issue Microsoft, which has the second-highest weight at 6.9% (and has the largest market value in the world), added 4.04% for the month (up 10.0% YTD). Apple was off 1.98% (down 6.12% YTD), as business systems issue International Business Machines (IBM) was up 0.75% (up 13.13% YTD), and Boeing (BA) fell 3.47% (down 21.84% YTD).

S&P MidCap 400

While the S&P 500 (up 5.17% for February) and Dow Jones Industrial Average (up 2.22%) dominated the headlines with new closing highs (and The Dow's membership change), the S&P MidCap 400 did the best for the month (up 5.80%), as breadth turned strongly positive.

For the month, the S&P MidCap 400 returned to gains, as it posted a broad 5.80% gain, after its January loss of 1.77% (after being up 8.50% in December and up 8.33% in November). For the YTD period, the mid-cap index was up 3.92%, second only to the S&P 500's 6.84%, as the three-month gain was 12.76%, the best of any of the indices reported on here. For the one-year period, the index was up 11.14% (beating only the S&P SmallCap 600's 4.47% gain). For the 3-, 5- and 10-year periods, the index posted gains of 15.80%, 51.32% and 110.18%, respectively (annualized with dividends, they were 6.65%, 10.38% and 9.43%, respectively).

For the long-term 25-year period, the S&P MidCap 400 was up an annualized 10.28% with dividends, the best of any of the reported indices.

For February, 9 of the 11 sectors gained, compared to 2 of the 11 gaining in January, as the difference between the best (Consumer Staples, 12.97%) and worst (Communication Services, -6.29%) sectors jumped to 19.26% from last month's spread of 8.44%, while the YTD spread was 19.95%. The three-month spread decreased to 21.35% from January's 33.51%, as the 2023 spread was 46.54% and 2022 was 63.08%. For the month, Consumer Staples did the best, up 12.97%, as it was up 11.99% YTD and up 27.45% for the one-year period. Information Technology was next, as it gained 9.50% for the month, was up 12.07% YTD and was up 27.98% for the one-year period; Consumer Discretionary followed, up 8.72% for the month, up 5.16% YTD and up 17.33% for the one-year period. Communication Services did the worst, declining 6.29% in February and down 7.88% YTD (the worst in the index), as the one-year decline was 21.94% (also the worst in the index). Financials added 2.34% for the month (2.39% YTD and 0.05% for the one-year period), while Health Care was up 3.52% (3.51%, 4.24%), with Energy up 6.79% (3.81%, 12.32%).

Breadth turned around and was strongly positive, as 264 issues gained, with an average increase of 9.91%, up from last month's 126 issues (5.71%). There were 105 issues that gained at least 10% (18.58%), compared with last month's 20 (17.99%). Nineteen issues gained at least 25%, as one did so last month. On the downside, 136 issues declined an average of 6.94%, down from last month's 274 issues (-6.33%). Declines of at least 10% were posted by 36 issues (-16.62%), compared with 48 issues (-15.23%) last month; 4 issues fell at least 25%, the same as last month. Year-to-date, 210 issues were up (12.15%), with 82 up at least 10% (23.39%) and 22 up at least 25%, with 190 down (-9.75%), 63 down at least 10% (-19.20%) and 12 down at least 25%. For 2023, 275 issues gained, while 124 issues declined; 214 (151) gained at least 10%, as 78 declined at least 10%, with 116 issues up at least 25% and 22 down at least 25%.

S&P SmallCap 600

The S&P SmallCap 600 continued to be volatile, as it reversed last month's decline (-4.03%), which was partially a result of the prior two months of strong gains (12.61% in December and 7.98% in November, which was after three months of strong declines [-5.83%, -6.16%, -4.33%]). The index added 3.15% for the month, which was only better than The Dow's 2.22%. Year-to-date, however, the gain still left the index in the red, down 1.00%, the only index in the red for that period, as 8 of 11 sectors posted losses. For the three-month period, however, the index remained positive, posting a double-digit gain of 11.48% (better than The Dow's 8.47%, but below the S&P 500's 11.47% and S&P MidCap 400's 12.76%). For the one-year period, the index was up 4.47%, which was the worst of any of the indices reported on here, as the two-year return was in the red, down 0.84% (again, the only negative of the

headline indices). Longer term, the 3-year return was up 2.07%, the 5-year period was up 34.03% and the 10-year period was up 95.57% (annualized with dividends, the 3-, 5- and 10-year returns were 2.31%, 7.72% and 8.53%, respectively). Over the longer-term 25-year period, the small-cap index's total return was 9.35% annualized, second only to the S&P MidCap 400's 10.28% (The Dow was 8.37% and the S&P 500 was 7.82%).

Sector variance (spread between the best and worst sector) increased to 10.02% from January's 4.21%, as the three-month spread slightly decreased to 22.13% from January's 29.40%; the YTD spread was 13.02%, the 2023 spread was 40.88% and the 2022 spread was 80.77%. For February, 7 of the 11 sectors gained, compared to last month, when all 11 were down. Consumer Discretionary did the best, as it added 7.36% for the month, was up 2.81% YTD and up 16.03% over the one-year period, as Consumer Staples declined 0.11% for the month, was down 2.25% YTD and up 3.08% for the one-year period. Materials did well, increasing 7.25%, up 1.27% YTD and up 6.04% for the one-year period. Information Technology underperformed but stayed positive, as it added 0.96% for the month, was down 3.25% YTD and up 7.02% for the one-year period. Utilities did the worst, as it fell 2.66% for the month, was down 8.82% YTD and was down 15.97% for the one-year period, as Financials fell 0.62%, was down 5.07% YTD and down 8.01% for the one-year period.

For the month, breadth increased and turned positive, as 352 issues gained an average of 9.91%, up from last month's 139 gainers (5.59%). On the downside, 248 issues declined an average of 7.72%, down from 463 (-7.71%) last month. There were 139 issues that gained at least 10% (18.60%), up from last month's 23 issues (18.05%), while 59 issues declined at least 10% (-18.36%), down from 129 (-15.21%) last month. Significant gains of at least 25% were posted by 20 issues, compared with 2 last month, while 11 issues lost at least 25%, compared with 9 last month. Year-to-date, 246 issues were up (11.21%), with 111 up at least 10% (19.26%), as 16 were up at least 25%, with 56 down (-11.22%), 162 down at least 10% (-18.77%) and 26 down at 25%. For 2023, 339 issues gained, while 257 issues declined; 279 gained at least 10%, as 174 declined at least 10%, with 198 issues up at least 25% and 63 down at least 25%.

Performance Recap

Exhibit 2: Monthly Returns

S&P 500	Price	1-Month (%)	YTD (%)	3-Month (%)	1-Year (%)	3-Year (%)	10-Year (%)
Energy	653.14	2.58	2.05	1.85	2.37	81.33	2.32
Materials	550.91	6.27	2.09	6.52	7.01	19.47	85.72
Industrials	1022.56	6.98	5.99	13.25	20.04	33.75	128.68
Consumer Discretionary	1485.31	8.60	4.74	11.10	31.44	14.74	180.87
Consumer Staples	789.20	2.12	3.53	6.04	4.98	21.53	81.94
Health Care	1686.41	3.11	6.04	10.43	13.93	28.61	145.67
Financials	670.05	3.96	6.98	12.60	12.99	25.09	129.41
Information Technology	3748.57	6.19	10.34	14.53	57.49	63.45	529.91
Communication Services	272.50	5.66	10.77	16.07	57.03	17.42	84.75
Utilities	313.71	0.53	-2.55	-0.90	-4.60	6.22	53.53
Real Estate	245.41	2.45	-2.45	5.32	2.35	5.66	54.42
S&P 500	5096.27	5.17	6.84	11.57	28.36	33.72	174.07
Dow Jones Industrial Average	Price	1-Month (%)	YTD (%)	3-Month (%)	1-Year (%)	3-Year (%)	10-Year (%)
Dow Jones Industrial Average	38996.39	2.22	3.47	8.47	19.41	26.07	138.92
S&P MidCap 400	Price	1-Month (%)	YTD (%)	3-Month (%)	1-Year (%)	3-Year (%)	10-Year (%)
Energy	357.11	6.79	3.81	3.90	12.32	87.71	-58.81
Materials	728.21	2.38	-0.87	8.67	2.67	35.48	96.39
Industrials	2005.70	7.67	5.37	15.14	24.05	41.49	189.47
Consumer Discretionary	1328.17	8.72	5.16	15.79	17.33	11.38	111.32
Consumer Staples	2906.32	12.97	11.99	18.63	27.45	32.57	127.27
Health Care	2486.45	3.52	3.51	12.18	4.24	-13.29	165.35
Financials	1292.63	2.34	2.39	11.83	0.05	16.53	101.11
Information Technology	5391.81	9.50	12.07	22.21	27.98	23.02	265.04
Communication Services	113.17	-6.29	-7.88	0.86	-21.94	-38.50	-47.00
Utilities	483.10	6.61	1.68	7.17	-11.47	-3.56	21.16
Real Estate	183.91	-0.08	-6.16	1.83	-7.31	-14.26	-
S&P MidCap 400	2890.67	5.80	3.92	12.76	11.14	15.80	110.18
S&P SmallCap 600	Price	1-Month (%)	YTD (%)	3-Month (%)	1-Year (%)	3-Year (%)	10-Year (%)
Energy	381.05	2.40	-0.42	-0.10	1.56	63.61	-78.44
Materials	764.04	7.25	1.27	14.25	6.04	22.42	71.65
Industrials	1997.52	7.12	4.17	16.41	22.42	35.73	169.08
Consumer Discretionary	984.39	7.36	2.81	18.53	16.03	4.41	122.67
Consumer Staples	2668.07	-0.11	-2.25	8.21	3.08	14.30	123.58
Health Care	3061.97	3.03	-1.04	13.63	-6.52	-31.16	136.75
Financials	981.46	-0.62	-5.07	8.79	-8.01	-11.35	38.83
Information Technology	1223.19	0.96	-3.25	8.57	7.02	0.70	206.62
Communication Services	3.01	1.01	-3.53	7.50	-8.51	-25.31	26.96
Utilities	925.91	-2.66	-8.85	-3.61	-15.97	-5.34	61.61
Real Estate	146.04	-0.10	-5.39	7.07	-6.62	-24.26	-
S&P SmallCap 600	1305.07	3.15	-1.00	11.48	4.47	2.07	95.57

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Exhibit 3: Total Returns

Index	1-Month (%)	YTD (%)	3-Month (%)	1-Year (%)	5-Year (%)	10-Year (%)
S&P 500	5.34	7.11	11.98	30.45	99.08	230.47
S&P MidCap 400	5.94	4.13	13.20	13.05	63.82	146.23
S&P SmallCap 600	3.32	-0.75	11.94	6.50	45.04	126.71
S&P Composite 1500	5.32	6.73	12.04	28.75	95.21	221.00
Dow Jones Industrial Average	2.50	3.84	8.96	22.03	67.46	200.13

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 4: Price-to-Earnings Ratios

Index	2021	2022	Estimated 2023
S&P 500	30.69	19.58	23.84
S&P 500 Consumer Discretionary	46.04	25.52	29.55
S&P 500 Consumer Staples	21.72	21.95	21.16
S&P 500 Energy	-10.37	22.21	11.44
S&P 500 Financials	15.01	10.26	15.57
S&P 500 Health Care	22.86	19.89	25.55
S&P 500 Industrials	55.14	27.04	21.90
S&P 500 Information Technology	33.80	25.38	37.31
S&P 500 Materials	28.72	17.48	22.85
S&P 500 Communication Services	30.57	14.63	21.91
S&P 500 Utilities	20.46	22.98	16.67
S&P 500 Real Estate	43.17	31.87	36.41
Index	2021	2022	Estimated 2023
S&P MidCap 400	31.10	17.24	19.60
S&P 400 Consumer Discretionary	30.38	12.45	16.77
S&P 400 Consumer Staples	22.04	20.00	N.A.
S&P 400 Energy	-6.25	N.M	7.38
S&P 400 Financials	14.37	11.47	15.24
S&P 400 Health Care	35.70	29.46	29.56
S&P 400 Industrials	35.02	22.63	22.24
S&P 400 Information Technology	50.18	29.04	45.05
S&P 400 Materials	24.55	8.43	17.09
S&P 400 Communication Services	63.53	32.97	23.58
S&P 400 Utilities	16.81	16.02	18.10
S&P 400 Real Estate	66.10	27.15	35.57
Index	2021	2022	Estimated 2023
S&P SmallCap 600	-280.36	17.06	20.49
S&P 600 Consumer Discretionary	30.33	9.06	15.68
S&P 600 Consumer Staples	19.37	21.52	20.10
S&P 600 Energy	-0.97	91.01	7.31
S&P 600 Financials	25.69	9.76	13.15
S&P 600 Health Care	160.03	41.08	-4437.64
S&P 600 Industrials	34.11	18.04	19.99
S&P 600 Information Technology	61.15	31.72	37.95
S&P 600 Materials	46.89	20.55	18.08
S&P 600 Communication Services	-2171.53	30.27	23.15
S&P 600 Utilities	25.47	25.21	17.56
S&P 600 Real Estate	1416.00	33.05	-456.38

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 5: Operating EPS Changes (%)

Index	Q4 2022 over Q4 2021	Q1 2023 over Q1 2022	Q2 2023 over Q2 2022	Q3 2023 OVER Q3 2022	Q4 2023E OVER Q4 2022	2022 over 2021	2023E over 2022
S&P 500	-11.21	6.44	17.00	3.77	7.41	-5.41	8.52
S&P 500 Consumer Discretionary	-24.98	63.43	52.13	42.45	12.76	-20.79	40.11
S&P 500 Consumer Staples	5.51	4.53	20.24	31.17	-5.32	-4.81	11.55
S&P 500 Energy	51.44	18.10	-51.07	-36.34	-34.23	166.87	-31.18
S&P 500 Financials	-29.58	12.06	249.86	-5.87	-2.48	-42.81	27.00
S&P 500 Health Care	-2.33	-10.69	-17.22	-19.67	-14.39	0.01	-15.48
S&P 500 Industrials	40.40	49.55	23.27	4.54	-4.61	27.07	15.28
S&P 500 Information Technology	-15.56	-14.97	10.11	19.18	34.33	-3.69	11.56
S&P 500 Materials	-23.86	-23.59	-24.53	-16.43	-38.14	5.41	-25.05
S&P 500 Communication Services	-31.31	-3.94	19.62	36.73	53.49	-19.69	24.52
S&P 500 Utilities	-1.82	4.81	39.62	11.00	52.22	0.79	22.21
S&P 500 Real Estate	-48.95	-25.85	1.59	-22.07	29.75	-7.99	-8.55
Index	Q4 2022 over Q4 2021	Q1 2023 over Q1 2022	Q2 2023 over Q2 2022	Q3 2023 OVER Q3 2022	Q4 2023E OVER Q4 2022	2022 over 2021	2023E over 2022
S&P MidCap 400	-10.59	-5.96	-16.63	-6.53	-21.91	10.08	-12.91
S&P 400 Consumer Discretionary	-27.42	-10.08	-11.90	-16.46	-0.71	-7.07	-10.21
S&P 400 Consumer Staples	16.49	-22.03	13.83	14.71	N.A.	7.95	N.A
S&P 400 Energy	178.92	331.62	-38.28	-25.14	-70.03	512900.00	-5.58
S&P 400 Financials	-36.79	-12.94	2.36	12.00	-29.43	-19.15	-7.07
S&P 400 Health Care	-36.42	-26.79	17.82	3.24	64.92	-8.37	8.63
S&P 400 Industrials	30.80	-4.87	-3.54	-6.11	-14.87	37.72	-7.26
S&P 400 Information Technology	11.24	-47.22	-20.51	-5.10	-29.07	12.87	-26.26
S&P 400 Materials	-73.91	-61.43	-49.98	-28.21	5.92	-8.98	-44.96
S&P 400 Communication Services	18.49	-17.81	8.26	-46.95	-45.04	52.06	-31.53
S&P 400 Utilities	-71.80	-41.27	-29.81	4.10	196.72	-13.19	-14.07
S&P 400 Real Estate	-43.17	-57.04	-63.52	-5.26	-27.92	14.21	-41.52
Index	Q4 2022 over Q4 2021	Q1 2023 over Q1 2022	Q2 2023 over Q2 2022	Q3 2023 OVER Q3 2022	Q4 2023E OVER Q4 2022	2022 over 2021	2023E over 2022
S&P SmallCap 600	-33.10	12.54	-23.33	-12.44	-35.23	2.30	-16.15
S&P 600 Consumer Discretionary	-26.03	-41.07	-17.65	-15.41	-19.27	-13.45	-23.82
S&P 600 Consumer Staples	45.12	27.01	6.96	-15.01	-29.66	16.12	-3.80
S&P 600 Energy	-47.10	201.34	-67.51	-67.54	23.30	1126.21	-2.23
S&P 600 Financials	-27.65	-20.33	32.33	56.49	-113.37	-25.76	-8.19
S&P 600 Health Care	-73.15	-197.37	-552.48	72.70	46.13	-70.34	-102.83
S&P 600 Industrials	-1.96	-22.20	-18.72	-23.00	-14.60	38.82	-19.82
S&P 600 Information Technology	-13.01	3.30	-30.26	-12.88	12.27	-5.05	-6.90
S&P 600 Materials	-30.11	0.08	-38.06	-1.57	1.83	41.88	-14.58
S&P 600 Communication Services	-50.00	0.00	800.00	N.M.	50.00	-54.55	160.00
S&P 600 Utilities	1.97	-24.30	182.64	312.69	13.68	-9.65	29.76
S&P 600 Real Estate	-59.85	-102.73	-114.53	-152.83	-58.49	-13.58	-107.29

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 6: Breadth of Change (Issues with Monthly Price Changes as Described by Type)

S&P 500										
Type	Feb. 2024	% Change	Jan. 2024	% Change	Dec. 2023	% Change	3-Month	% Change	YTD	% Change
Up	351	7.33	224	4.75	416	8.91	394	14.53	302	9.56
Down	151	-4.21	279	-5.28	86	-2.97	108	-6.34	201	-6.77
Up >= 10	96	15.04	24	13.29	149	15.74	246	20.22	121	16.35
Down <= -10	9	-14.57	39	-14.50	3	-12.18	22	-15.93	46	-15.52
Up >= 25	4	30.42	1	25.37	8	30.38	53	33.47	10	34.26
Down <= -25	0	0.00	0	0.00	0	0.00	3	-27.42	3	-26.31
Up >= 50	0	0.00	0	0.00	0	0.00	3	59.38	1	59.75
Down <= -50	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
S&P MidCap 400										
Type	Feb. 2024	% Change	Jan. 2024	% Change	Dec. 2023	% Change	3-Month	% Change	YTD	% Change
Up	264	9.91	126	5.71	349	11.02	303	17.21	210	12.15
Down	136	-6.94	274	-6.33	52	-3.27	97	-8.96	190	-9.75
Up >= 10	105	18.58	20	17.99	174	16.44	201	23.48	82	23.39
Down <= -10	36	-16.62	48	-15.23	2	-12.49	28	-19.09	63	-19.20
Up >= 25	19	34.93	1	86.31	13	30.49	63	40.38	22	44.86
Down <= -25	4	-32.05	4	-31.26	0	0.00	6	-34.48	12	-34.88
Up >= 50	2	63.55	1	86.31	1	52.17	8	80.16	2	129.41
Down <= -50	0	0.00	0	0.00	0	0.00	0	0.00	1	-53.18
S&P SmallCap 600										
Type	Feb. 2024	% Change	Jan. 2024	% Change	Dec. 2023	% Change	3-Month	% Change	YTD	% Change
Up	354	9.91	139	5.59	544	14.82	441	17.92	246	11.21
Down	248	-7.72	463	-7.71	58	-4.31	159	-10.52	356	-11.22
Up >= 10	139	18.60	23	18.05	359	19.70	281	25.28	111	19.26
Down <= -10	59	-18.36	129	-15.21	6	-14.87	66	-19.16	162	-18.77
Up >= 25	20	34.11	2	61.09	60	36.37	113	37.76	16	40.08
Down <= -25	11	-33.05	9	-34.94	0	0.00	10	-37.34	26	-35.56
Up >= 50	1	56.28	1	88.10	6	70.56	15	71.17	2	100.41
Down <= -50	0	0.00	1	-64.86	0	0.00	1	-68.40	2	-62.16
Dow Jones Industrial Average										
Type	Feb. 2024	% Change	Jan. 2024	% Change	Dec. 2023	% Change	3-Month	% Change	YTD	% Change
Up	20	5.70	17	6.28	24	7.72	23	13.52	20	10.32
Down	10	-3.53	13	-6.42	6	-2.65	7	-6.30	10	-8.44
Up >= 10	3	13.76	4	11.60	7	15.38	13	20.49	10	15.46
Down <= -10	1	-12.87	4	-15.14	0	0.00	2	-11.39	3	-17.30
Up >= 25	0	0.00	0	0.00	1	30.94	2	30.84	0	0.00
Down <= -25	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Up >= 50	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Down <= -50	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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