

An Overview of GICS and S&P U.S. Sector & Select Industry Indices

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What Is GICS[®] and Why Is It Important?

The Global Industry Classification Standard (GICS), created in 1999 by S&P Dow Jones Indices (S&P DJI) and MSCI, was developed to meet the financial community's need for **accurate, comprehensive and standardized industry definitions**. The framework underpins sector-based benchmarks, including the S&P 500[®] Sector Indices and S&P Select Industry Indices, and facilitates comparable analysis and sector-based investing.

GICS key features:

- **Universal:** Applies to companies globally.
- **Flexible:** Offers multiple levels of analysis, ranging from the most general sectors to the most specialized sub-industries.
- **Reliable:** Accurate and complete industry framework for investment research, portfolio management and asset allocation.
- **Evolving:** Reviewed annually to ensure GICS remains fully representative of global markets.

Why Sector Classification Matters

Beyond providing a common language, GICS matters because classification directly affects how risk and performance are analyzed. Companies sharing similar business activities and revenue exposures are more likely to have **similar sensitivity** to drivers of market performance. By grouping these companies under the same framework, market participants can meaningfully compare performance and risk across market segments.

The hierarchical structure of GICS provides additional levels of detail and allows for varying degrees of granularity in analysis.

An evolving classification system is also paramount to ensure that company groupings reflect the most up-to-date company status and market segment conditions. The GICS structure addresses this challenge and seeks to enhance both transparency and efficiency in market analysis.

Who Are the Users of GICS? What Are Common Applications?

The GICS methodology has been widely accepted as an industry analysis framework for investment research, portfolio management and asset allocation. A broad range of market participants, including individual investors, asset owners, asset managers, index providers and research analysts, are all actively using the GICS framework to facilitate consistent communication and analysis.

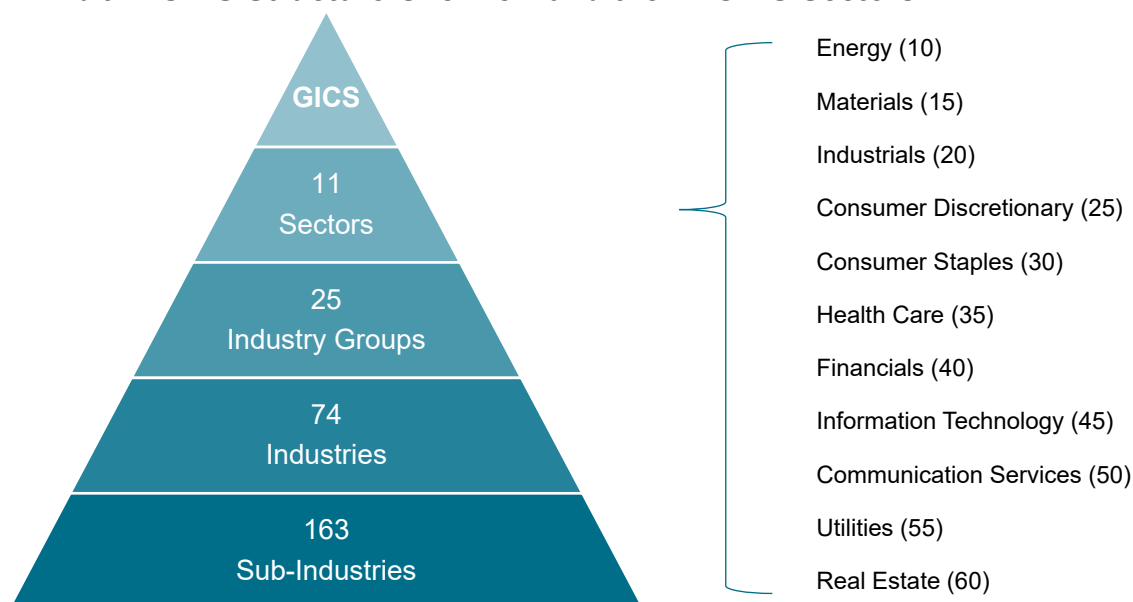
Common applications of GICS include:

- Sector-based performance and attribution analysis
- Portfolio exposure and diversification assessment
- Benchmark construction and comparison
- Asset allocation and risk management

The GICS Structure

GICS is a **four-tiered**, hierarchical industry classification system: sector, industry group, industry and sub-industry. Currently, GICS includes **11 sectors**, providing the top-level view that is most commonly referenced in market commentary, portfolio analysis and sector-based investment.

Exhibit 1: GICS Structure Overview and the 11 GICS Sectors



Source: S&P Dow Jones Indices LLC. For more information, see the Global Industry Classification Standard (GICS) Methodology.¹ Chart is provided for illustrative purposes.

The complete GICS classification for each company is an eight-digit code with text description. The coding system adds an additional two digits at each level, allowing for easy identification between GICS tiers while maintaining consistency across levels.

Exhibit 2: Example of Nvidia GICS Classification

Tier	Classification	GICS Code
Sector	Information Technology	45
Industry Group	Semiconductors & Semiconductor Equipment	4530
Industry	Semiconductors	453010
Sub-Industry	Semiconductors	45301020

Source: S&P Dow Jones Indices LLC. Table is provided for illustrative purposes.

S&P DJI and MSCI review the GICS structure periodically, which can include advisory panels or open consultations with market participants as required.

How GICS Classifies Companies

GICS classifies a company according to its principal business activity. Generally, a company is classified into the sub-industry whose definition most accurately reflects the business activities

¹ Please see the [Global Industry Classification Standard \(GICS\) Methodology](#) for more information.

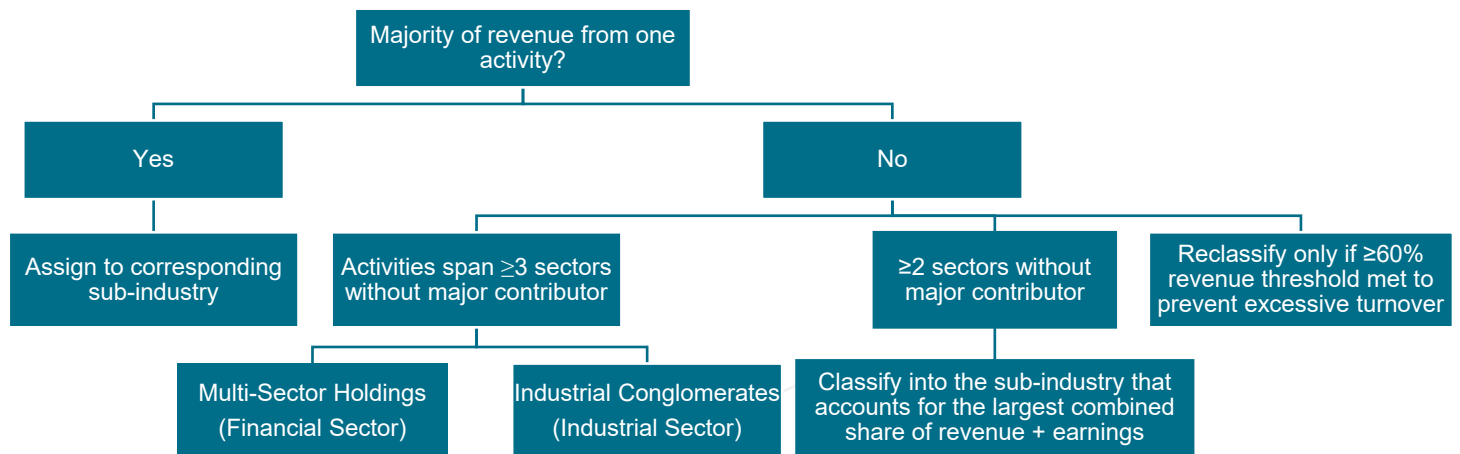
that generate most of its **revenue**. Earnings and market perception are also considered, especially in cases where a company operates across multiple business lines.

Based on a company’s principal business activity, it is assigned to one of the 163 sub-industries. This then determines—in decreasing order of granularity—the company’s membership of one of the 74 industry groups, one of the 25 industry groups and one of the 11 GICS sectors.

GICS company classifications are reviewed annually, based on feedback from market participants and the changing global landscape, so that the classifications remain relevant and reflective of the world’s evolving economy.

A prime example would be Amazon. Given Amazon’s substantial presence and impressive growth in cloud business, many market participants wonder why Amazon is classified under Broadline Retail within the Consumer Discretionary sector rather than Information Technology. However, as of December 2025, the majority of Amazon’s revenue continued to originate from its retail operations, with less than one-fifth derived from Amazon Web Services.² Based on the principal business activity assessment, Amazon’s alignment with the Broadline Retail category remains appropriate.

Exhibit 3: Determination of Principal Business Activities



Source: S&P Dow Jones Indices LLC. For more information, see Global Industry Classification Standard (GICS) Methodology.¹ Chart is provided for illustrative purposes.

² [Amazon.com, Inc. Amazon.com Announces Fourth Quarter Results](#)

How Has the Sector Landscape Evolved?

Over nearly 30 years, GICS has experienced significant structural changes, reflecting the dynamic nature of global markets and investor needs. The creation of the Real Estate (2016) and Communication Services (2018) sectors have been among the most significant evolutions in the GICS structure.

- In 2016, [Real Estate was carved out of Financials to become the 11th sector](#). This change recognized the distinct characteristics of Real Estate companies and marked the first sector addition to the GICS structure since its inception in 1999. The introduction of Real Estate as a standalone sector profoundly influenced sector analysis and the development of related financial products.
- In 2018, [Telecommunication Services was broadened and renamed as Communication Services](#) to include companies that facilitate communication and offer related content and information through various mediums. The new sector also integrated major components of Information Technology (e.g., Internet Software & Services) and Consumer Discretionary (e.g., Media), resulting in substantial cross-sector migrations and shifts in sector composition.
- The [2023 GICS changes](#) were more targeted. These included creating a new sub-industry of Broadline Retail to accommodate the omni-channel approach of retailers, as well as significant moves from Information Technology to Industrials and Financials due to changes in Data Processing & Outsourced Services. Notable examples include Target moving from Consumer Discretionary to Consumer Staples, and Visa and Mastercard transitioning from Information Technology to Financials.

Major changes do not happen overnight and always involve meticulous and extensive analysis and engagement with market participants, ensuring that the GICS system remains robust and reflective of evolving industry landscapes. For more information, please visit the [GICS chronology](#) and related [resources](#).

The Role of GICS in the S&P U.S. Sector and Select Industry Indices

GICS serves as the structural foundation for S&P U.S. Sector & Select Industry Indices. Each index is constructed by aggregating constituents from its benchmark index according to their GICS classifications, representing their distinct and consistently defined segments of the broader market.

Within S&P DJI's extensive suite of sector and industry indices, the [Select Sector[®]](#) and [S&P Select Industry](#) Indices are among the headline benchmarks, especially in the U.S. market.

Like the S&P 500 Sector Indices, which are float-market-capitalization weighted, each Select Sector Index includes all S&P 500 constituents within a given GICS sector. However, Select Sector Indices employ a capped market-capitalization-weighting methodology that is intended to reflect certain diversification requirements imposed on investment companies under the U.S. Internal Revenue Code and the Investment Company Act of 1940.³

As a result, any variation in performance between the two index series primarily reflects the differences in weighting methodology rather than index membership. For instance, the [S&P 500 Information Technology \(TR\)](#) had a three-year annualized gain of 38.81% as of Dec. 31, 2025, compared to 33.34% for the [Technology Select Sector \(TR\)](#).

The S&P Select Industry Indices, on the other hand, start from [S&P Total Market Index \(TMI\)](#) and measure the performance of stocks comprising specific GICS sub-industries or groups of sub-industries. Membership is based on a company's GICS classification, as well as liquidity and market capitalization requirements. Some indices represent a single sub-industry, while others combine multiple related sub-industries to provide comprehensive coverage of a defined industry segment.

For instance, the [S&P Aerospace & Defense Select Industry Index](#) includes only the Aerospace & Defense sub-industry (GICS 20101010), whereas the [S&P Capital Markets Select Industry Index](#) encompasses all four sub-industries within the Capital Markets industry (GICS 40203010 through 40203040). This approach ensures coherent and complete representation of the targeted industries.

Much like the evolving GICS structure, the Select Sector and S&P Select Industry Indices have adapted over time to incorporate market trends and developments. The latest updates include:

- During the June 2024 rebalance, the [S&P Select Industry Indices](#) incorporated the index-linked exchange-traded product assets under management (AUM), as well as more measures for maximum constituent weight, helping investors alleviate liquidity and tradability issues while tracking the indices.
- In response to substantial deviation from float-market-capitalization weights among some large companies in the [Select Sector Indices](#), an “iterative capping” approach was adopted during the September 2024 rebalance. This new mechanism replaced the previous capping method, and it aims to mitigate issues such as “weight cliffs” and “flip-flops” in constituent weights.

Beyond these flagship offerings, S&P DJI provides a wide range of additional sector and industry indices, such as alternative weighting schemes (e.g., equal weighted, 35/20 capped,

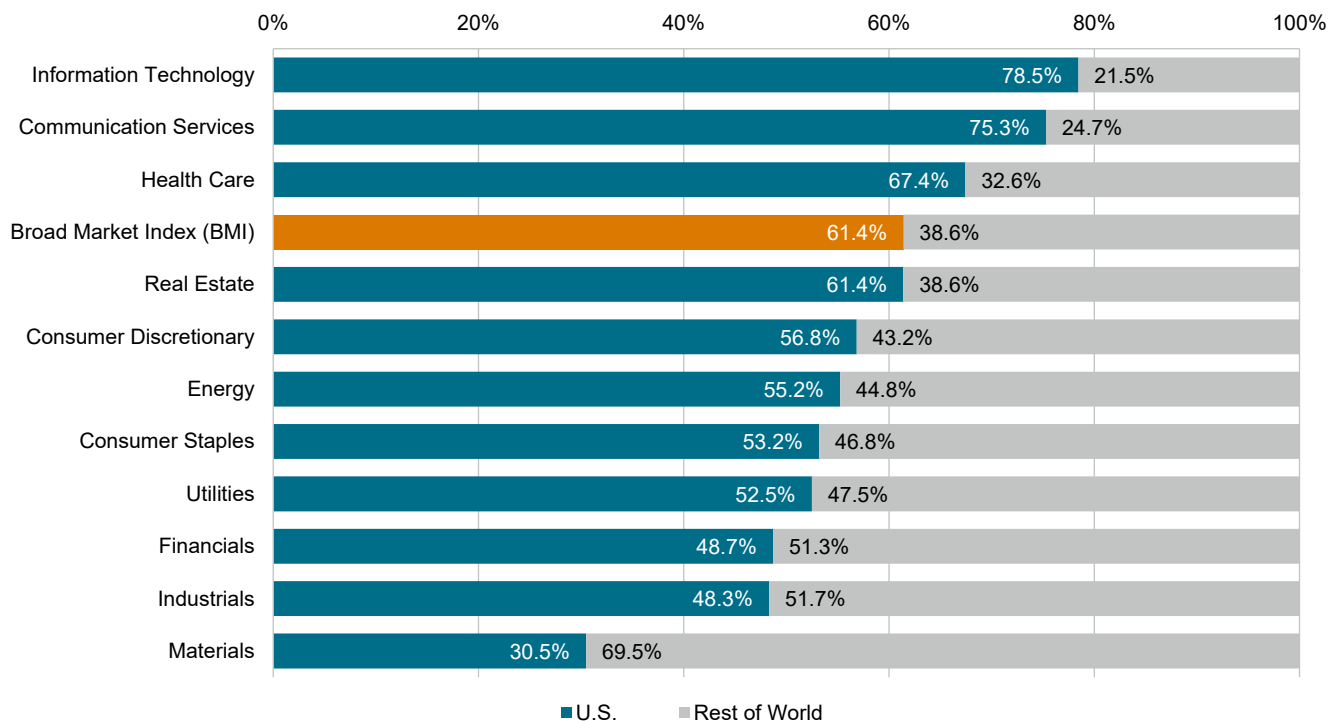
³ For more information, please refer to the Regulatory Capping Requirements section in the [S&P DJI Equity Indices Policies & Practices](#).

15/60 capped), series across size spectrum (e.g., S&P MidCap 400[®] Sector Indices, S&P SmallCap 600[®] Sector Indices), as well as in alignment with specialized guidelines (e.g., S&P 500 Shariah Sector Indices, S&P 500 Plus Enhanced Weighted & Screened Sector Indices). For more information about S&P Sector and Industry Indices, please refer to the Appendix.

Global Relevance of U.S. Sectors

Besides being the largest equity market globally, U.S. sectors also demonstrate global influence. As of December 2025, the U.S. accounted for 61% of the index market capitalization in the [S&P Global BMI](#). Furthermore, U.S. equities led in all sectors by country weight and represented more than half of the index capitalization in 8 out of 11 GICS sectors within the S&P Global BMI.

Exhibit 4: Weight of the U.S. in S&P Global BMI Sectors



Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2025, based on S&P Global BMI. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Comparing to other countries and regions, the U.S. market exhibits distinct sector weightings. For instance, as of December 2025, the U.S. featured significantly higher weights in Information Technology and Communication Services relative to the rest of the world, with lower weights in Financials and Energy. Therefore, by considering U.S. sectors, international market participants may help alleviate home bias and align sector weightings more closely with global sector representation.

Exhibit 5: Relative Sector Weights Show Significant Regional Differences

Metric	U.S.	Canada	Latin America	Pan Asia	Europe	Middle East & Africa	Total Weight
Percentage of S&P Global BMI	61.4	3.1	0.8	18.6	14.3	1.5	99.6
Sector Name	U.S. (%)	Canada (%)	Latin America (%)	Pan Asia (%)	Europe (%)	Middle East & Africa (%)	Global Ex-U.S. (%)
Information Technology	32.6	-22.81	-32.08	-10.81	-25.46	-31.67	-5.14
Financials	13.7	19.40	19.86	4.92	10.18	26.77	17.81
Health Care	9.3	0.81	-0.18	5.78	10.06	-4.13	-0.38
Consumer Discretionary	10.4	-6.98	-6.37	3.12	-1.74	-2.22	-7.64
Industrials	10.1	-9.39	-8.74	-4.82	3.31	-8.10	-0.42
Communication Services	9.8	-8.66	-5.77	-2.95	-6.14	-2.43	-7.19
Consumer Staples	4.5	-1.10	6.78	-0.38	3.89	-0.18	-2.47
Energy	2.2	16.91	16.38	4.90	3.21	13.84	-0.52
Real Estate	2.9	12.16	3.91	-0.64	1.18	2.62	-1.20
Materials	2.2	0.84	5.55	-0.28	2.09	0.39	1.50
Utilities	2.2	-1.16	0.66	1.16	-0.58	5.10	5.66
Total Weight	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Underweight Relative to the U.S.						
	Overweight Relative to the U.S.						

Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2025, based on S&P Global BMI. Indices used are S&P United States BMI, S&P Canada BMI, S&P Latin America BMI, S&P Pan Asia BMI, S&P Europe BMI, and Middle East & Africa combines the S&P Israel BMI and S&P Emerging Middle East & Africa BMI. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Appendix

Exhibit 6: Overview of Sector and Industry Indices

Size Range	FMC Weighted	Capped	Equal Weight
Large-Cap	S&P 100		
	S&P 500 (FMC Weighted)	Select Sector Indices*	S&P 500 Equal Weight Sectors
	S&P 500 Ex-Sectors (excluding sectors)	S&P 500 Capped 35/20 Indices**	S&P 500 Plus Equal Weight Sectors
	S&P 500 Plus Indices (combined sectors)	S&P Select Sector Daily Capped 35/20 Indices**	S&P 500 Sectors Equal Allocation Index^
	S&P 500 Shariah Sectors (company exclusions)	S&P Select Sector Capped 20% Indices**	S&P 500 Sectors Top 5 Equal Capped Indices^^
		S&P Select Sector 15/60 Indices	S&P 500 Sectors Top 10 Equal Capped Indices^^
		S&P Select Sector 15/40 Plus Indices	
		S&P 500 Plus Sector Enhanced Weighted & Screened Indices***	
		S&P 500 Consumer Select 15/60 Index	
		S&P 500 Semiconductors & Semiconductor Equipment (Industry Group) 35% Capped Index (USD)	
Mid-Cap	S&P 400®	S&P MidCap 400 Capped*	S&P 400 Equal Weight Sectors
Small-Cap	S&P 600®	S&P SmallCap 600 Capped*	S&P 600 Equal Weight Sectors
Broad Market	S&P Composite 1500® S&P Composite 1500 Ex-Sectors		S&P Composite 1500 Equal Weight
Total Market	S&P Total Market Index (TMI)		S&P Select Industry Indices^^^
Large-Mid		S&P 900 Banks (Industry) 7/4 Capped	
Mid-Small	S&P 1000®		
	S&P 1000 Ex-Real Estate		
Completion	S&P Completion Index (S&P TMI ex-S&P 500)		

Source: S&P Dow Jones Indices LLC. Information as of March 2026. Table provided for illustrative purposes.

*RIC Capping Rules, **UCITS Directive, please see the [Equity Indices Policies & Practices](#) for more details on Regulatory Capping Requirements.

***The indices are selected and weighted to collectively enhanced sustainability and ESG profiles, meet environmental targets, and reduce the carbon footprint at the index level. Please see [S&P 500 Plus Sector Enhanced Weighted & Screened Indices Methodology](#) for more information.

^The index is a weighted return index measuring the equal weighted performance of the FMC weighted S&P 500 Sector Indices (the component indices). Please see the [S&P U.S. Indices Methodology](#) for more information.

^^The index measures the equal-weighted performance of the largest five (ten) companies, by FMC, in the S&P 500 Sectors indices. Please see the [S&P U.S. Indices Methodology](#) for more information.

^^^At each quarterly rebalancing, initially equal weight constituents with adjustments to ensure that, for a given theoretical portfolio value (TPV), each constituent's index weight cannot exceed 4.5% of the FMC and the value that can be traded in three days. Please see [S&P Select Industry Indices Methodology](#) for more information.

Exhibit 7: S&P 500 Sectors across the Spectrum

Metric	Float-adjusted Market Cap (FMC)	Equal Weight (EW)	Select Sector (5/25/50)	35/20	Daily 35/20	20%	15/60	15/40 Plus	Sector Enhanced Weighted & Screened	Shariah	Ex-Sectors	
Weighting	FMC Weighted	Equal Weighted	Modified float-adjusted market cap weighting subject to capping rules								FMC Weighted	FMC Weighted
Primary Capping		1/N, where N is the number of companies in each sector	No company can be greater than 25% of the index	1st/Largest Company, 35% cap	1st/Largest Company, 35% cap	No company can be greater than 20% of the index	1st/Largest Company, 15% cap	1st/Largest Company, 15% cap	Optimizer to minimize the objective function			
Secondary Capping	No constituent capping constraints		The sum of the companies with weights greater than 5% cannot exceed 50% of the total index weight.	No company can be greater than 20% of the index	No company can be greater than 20% of the index		Top 5, index weight capped at 60% of the index	Top 5, index weight capped at 40% of the index	Satisfy all applicable combinations of the ESG and Environmental targets, decarbonization objectives and index	No constituent capping constraints	No constituent capping constraints	
Rebalance Frequency	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Annual	Quarterly	Quarterly	
Additional Rules			Quarterly secondary reweighting checks	Monthly capping and secondary reweighting checks	Daily capping checks			Semi-annual secondary rebalance	Daily capping, quarterly review, quarterly UNGC eligible review and ad-hoc rebalancing	Shariah-compliant companies		

Source: S&P Dow Jones Indices, LLC. Information as of March 2026. Table is provided for illustrative purposes. Please note that buffers are incorporated into the index methodologies below the limits to mitigate against any company exceeding their thresholds as of the diversification requirement dates. However, market movements in between rebalance may mean that constituents weights may rise above their target. This table is meant to be read in conjunction with supporting documents providing greater detail with respect to methodology detail, policies, procedures and calculations. For full details on the methodology and details on the buffers for capping, please visit see the [Equity Indices Policies & Practices](#), [S&P U.S. Indices Methodology](#), [S&P 500 Plus Sector Enhanced Weighted & Screened Indices Methodology](#) and [S&P Shariah Indices Methodology](#).

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