S&P/BMV IPC Quality, Value & Growth Index:

Measuring Multi-Factor Performance in Mexican Equities

Contributors

Agatha Malinowski
Quantitative Analyst
Index Investment Strategy
agatha.malinowski@spglobal.com

Joseph Nelesen, Ph.D.
Head of Specialists
Index Investment Strategy
joseph.nelesen@spglobal.com

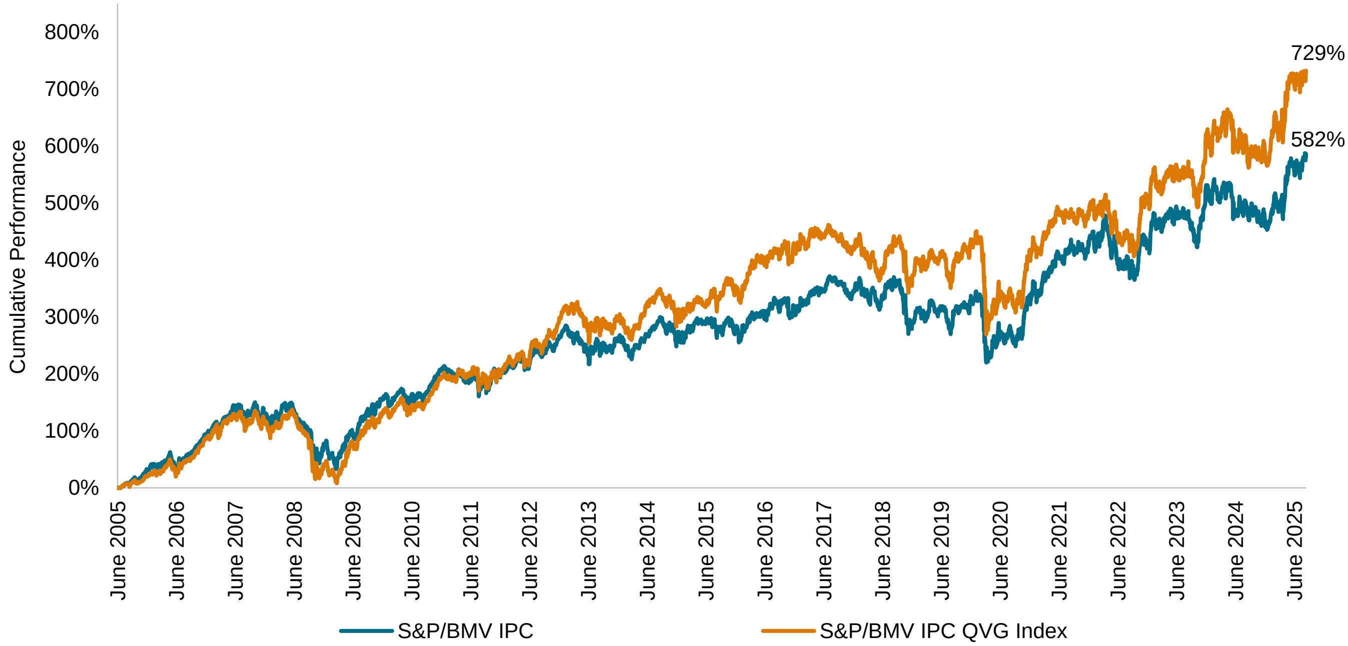
Quality, Value & Growth Overview

Amid recent challenges presented by trade tensions and economic uncertainty, multi-factor investing has emerged as a strategy aiming to enhance performance and manage volatility. Many factor-based indices have a long track record of outperforming their benchmarks by leveraging well researched behavioral and economic risk/return drivers.[1]

The S&P/BMV IPC Quality, Value & Growth (QVG) Index exemplifies the practical application of multi-factor strategies. It tracks a selection of stocks from the S&P/BMV IPC that exhibit the strongest combined quality, value and growth characteristics. Historically, this multi-factor index has offered stability during downturns while providing potential upside as markets strengthen. Quality stocks are characterized by their resilience in down markets due to strong fundamentals. Value stocks focus on constituents that appear underpriced relative to other financial metrics, indicating potential for outperformance, especially during market recoveries. Growth stocks are defined by above-average earnings growth, fostering positive sentiment and potential for higher performance, particularly during bull markets. By tilting toward these three factors, the S&P/BMV IPC QVG Index has outperformed its benchmark over the past 20 years (see Exhibit 1).

[1] For more details on multi-factor investing, please see: Sanchez, Maria, "Blending Factors in Mexico: The S&P/BMV Quality, Value & Growth Index," S&P Dow Jones Indices LLC, Jan. 25, 2019.

Exhibit 1: S&P/BMV IPC QVG Index Has Outperformed over the Past 20 Years



Source: S&P Dow Jones Indices LLC. Data from June 17, 2005, to Aug. 29, 2025. The S&P/BMV IPC Quality, Value & Growth Index was launched on Aug. 2, 2017. All data prior to such date is back-tested hypothetical data. Index performance based on total return in MXN. 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 end of this document for more information regarding the inherent limitations associated with back-tested performance.

Index Methodology

Constructing multi-factor portfolios in smaller equity markets may be challenging. However, the launch of the S&P/BMV IPC QVG Index has made tracking these factors more accessible. Using a bottom-up approach, the index evaluates the performance of stocks within the S&P/BMV IPC that exhibit the highest multi-factor score, combining elements of quality, value and growth.[2] If any of a constituent's factor scores ranks among the lowest four in the S&P/BMV IPC for that factor, it is excluded from the index. The selected constituents are then weighted based on their final multi-factor score, calculated as the simple average of the underlying quality, value and growth scores. The metrics used in the construction of the S&P/BMV IPC QVG Index are summarized in Exhibit 2.[3]

[2] For further information, see the S&P/BMV IPC section in the S&P/BMV Indices Methodology.

[3] For more details on multi-factor investing, please see: Innes, Andrew; Jain, Akash; and Ponnala, Lalit "Exploring Techniques in Multi-Factor Index Construction," S&P Dow Jones Indices LLC, Feb. 26, 2021.

Exhibit 2: Quality, Value and Growth Metrics

Quality	Value	Growth
Operating Return on Assets	Operating Income to Enterprise Value	Price Momentum
Accruals Ratio	Book-Value-to-Price Ratio	3-Year Operating Earnings before Interest and Taxes Growth
Financial Leverage Ratio	-	3-Year Sales per Share Growth Rate

Source: S&P Dow Jones Indices LLC. Data as of August 2025. Table is provided for illustrative purposes.

Long-Term Performance

Over the long term, including back-tested periods, the S&P/BMV IPC QVG Index consistently outperformed its benchmark. This success can be attributed, in part, to the multi-factor strategy's objective of integrating factors with low excess return correlation, which enhanced diversification and resulted in improved risk-adjusted performance. This approach has enabled the index to adapt during market downturns by finding sources of performance across three distinct factors (see Exhibit 3).

Exhibit 3: Risk/Performance Profiles

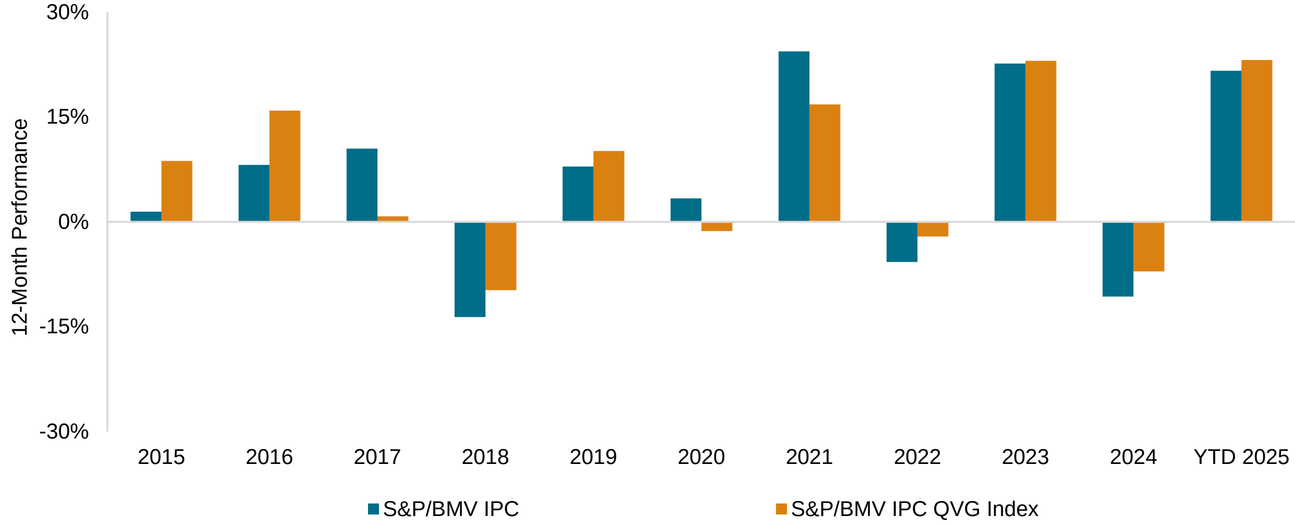
Period	S&P/BMV IPC	S&P/BMV IPC QVG Index
Annualized Performance (%)		
YTD	21.63	23.16
1-Year	17.46	23.47
3-Year	13.37	17.21
5-Year	13.54	14.04
10-Year	5.94	6.69
Annualized Volatility (%)		
10-Year	15.53	15.94
Risk-Adjusted Return (%)		
10-Year	24.02	28.08
Capture Ratio (%)		
Upside Capture	-	71.84
Downside Capture	-	65.75

Source: S&P Dow Jones Indices LLC. Data from Aug. 31, 2015, to Aug. 29, 2025. All periods greater than one year are annualized. The S&P/BMV IPC Quality, Value & Growth Index was launched on Aug. 2, 2017. All data prior to such date is back-tested hypothetical data. Index performance based on total return in MXN. 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 end of this document for more information regarding the inherent limitations associated with back-tested performance.

Over the past decade, **the S&P/BMV IPC QVG Index has outperformed its benchmark almost every year.** Exhibit 4 illustrates the yearly performance of both the S&P/BMV IPC and

S&P/BMV IPC QVG Index. Although annual returns have shown variability, the S&P/BMV IPC QVG Index has surpassed its benchmark in 7 of the past 10 years and upheld its lead through August 2025, underscoring its robustness and capacity to generate enhanced returns under varying market conditions.

Exhibit 4: The S&P/BMV IPC QVG Index Outperformed in Most Calendar Years

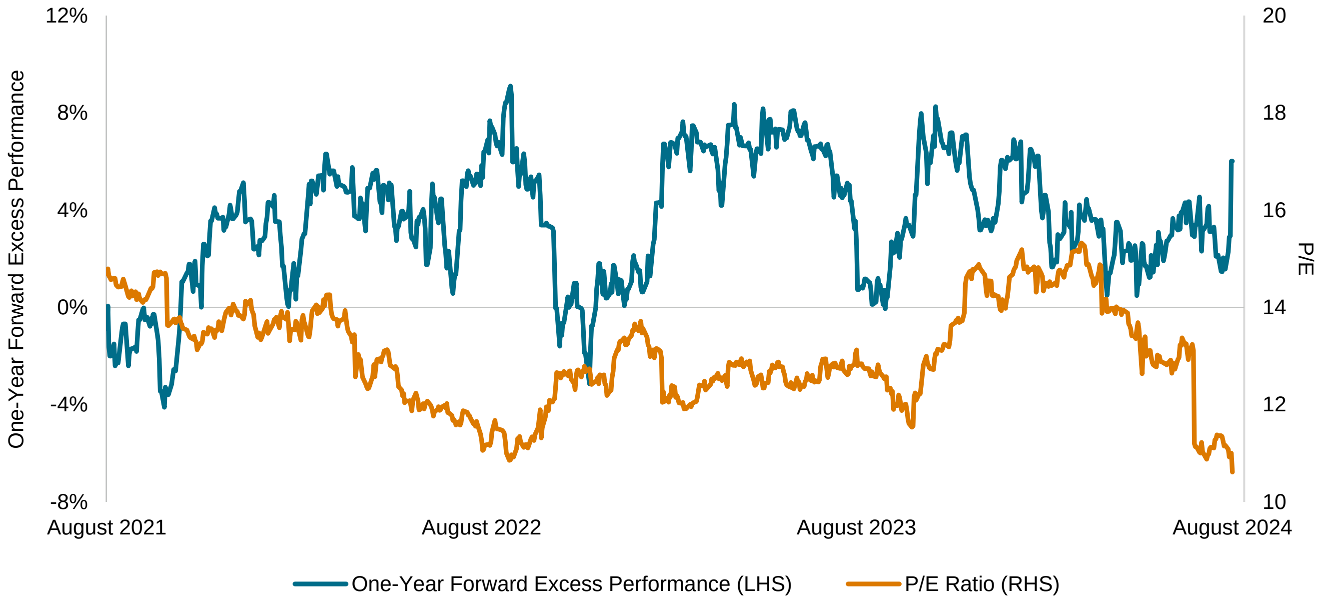


Source: S&P Dow Jones Indices LLC. Data from Jan. 1, 2015, to Aug. 29, 2025. The S&P/BMV IPC Quality, Value & Growth Index was launched on Aug. 2, 2017. All data prior to such date is back-tested hypothetical data. Index performance based on total return in MXN. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at end of this document for more information regarding the inherent limitations associated with back-tested performance.

Valuation and Forward Performance

Although the S&P/BMV IPC QVG Index has outperformed over the long term, the margin of its outperformance compared to the S&P/BMV IPC has varied over time. Among factor researchers and investors, factor cyclicality is expected, as not all risk premia outperform during the same phases of the market cycle. **For the S&P/BMV IPC QVG Index, periods of relatively low valuation have often preceded wider outperformance**. Exhibit 5 demonstrates this relationship by illustrating the connection between the index's trailing price-to-earnings (P/E) ratio and its forward one-year excess performance over the past three years.

Exhibit 5: Lower P/E Ratio Has Often Been Followed by Wider Outperformance

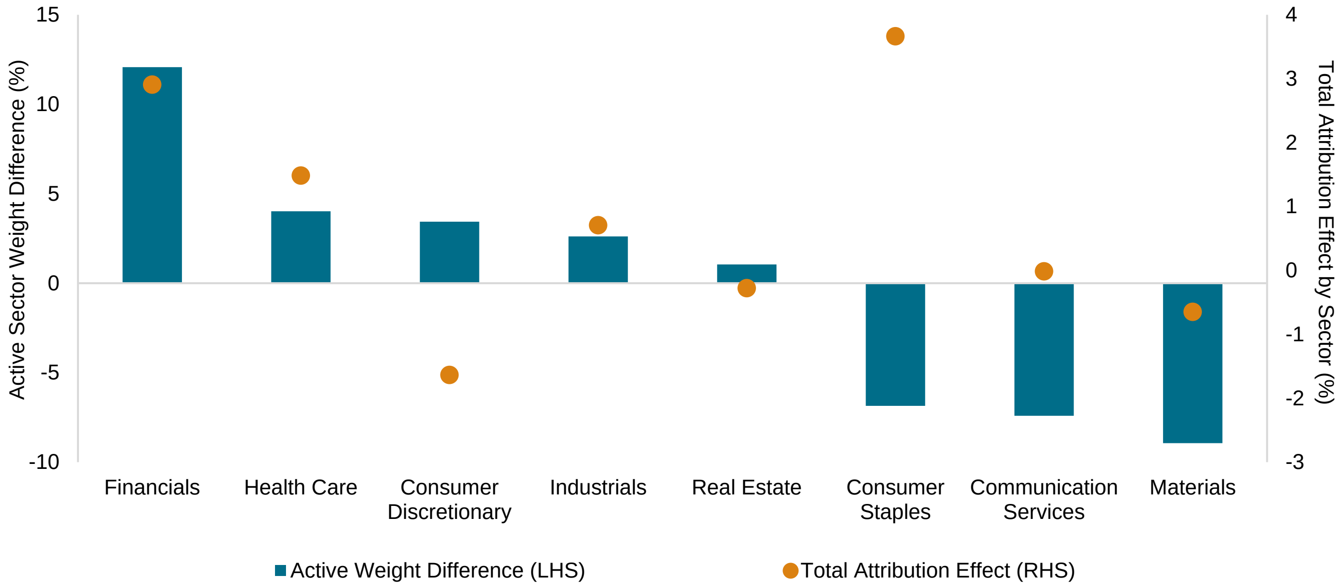


Source: S&P Dow Jones Indices LLC, Bloomberg. Data as of Aug. 29, 2025. Index performance based on total return in MXN. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Diversification and Balanced Contribution

What has enabled the S&P/BMV IPC QVG Index to outperform while maintaining a similar level of risk? Exhibit 6 analyzes its one-year performance using a Brinson attribution, illustrating the active weight and attribution of each included GICS® sector. As of August 2025, the S&P/BMV IPC QVG Index comprised 27 constituents across 8 GICS sectors. **Most sectors contributed to the outperformance** over the 12-month period ending August 2025, highlighting the effectiveness of combining quality, value and growth factors rather than relying on a narrow set of individual stock contributions. Notably, sector weighting played a significant role, with the total allocation effect contributing 3.95% to performance.

Exhibit 6: One-Year Attribution and Active Sector Weights

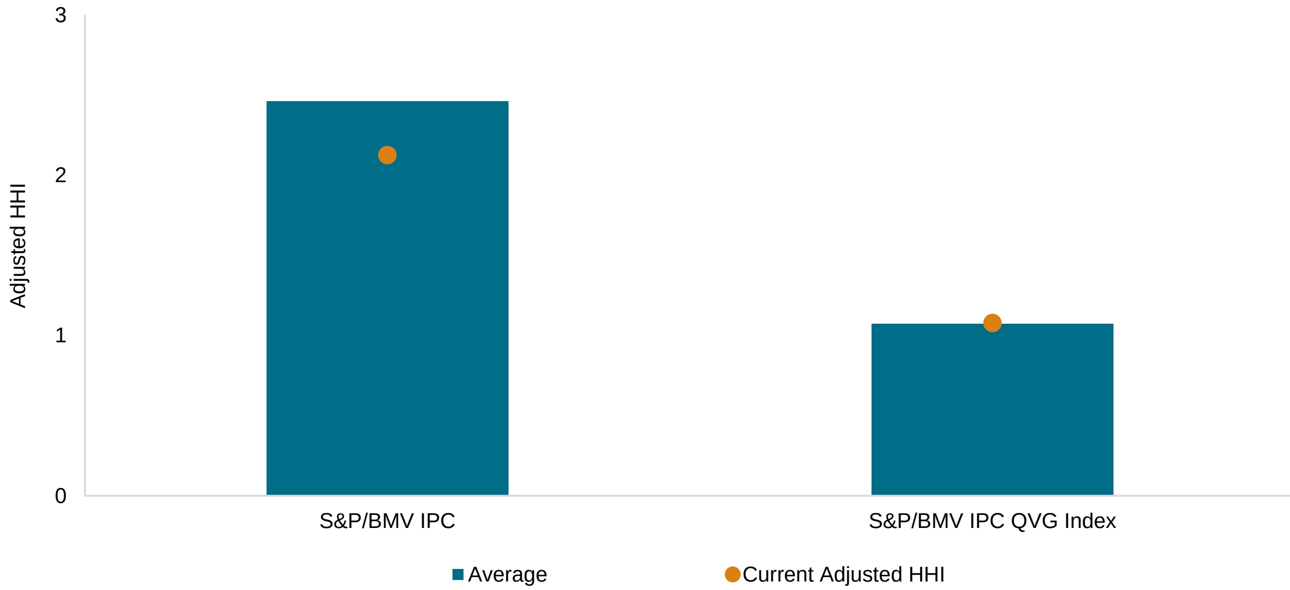


Source: FactSet. Data from Aug. 30, 2024, to Aug. 29, 2025. Index performance based on total return in MXN. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Due to its bottom-up selection method, the index averages 11 fewer constituents than the S&P/BMV IPC. One might expect higher concentration within the S&P/BMV IPC QVG Index due to its fewer constituents, but historically, that has not been the case. The Herfindahl-Hirschman Index (adjusted HHI) measures the degree of concentration within an index. Based on this metric, **concentration was consistently lower within the S&P/BMV IPC QVG Index compared to its benchmark,** as illustrated in Exhibit 7.[4] Reduced concentration among constituents may reduce exposure to idiosyncratic risks.

[4] For details on the adjusted HHI and its application in measuring index concentration, see for example: Ganti, Anu R., and Craig Lazzara, "Concentration within Sectors and Its Implications for Equal Weighting," S&P Dow Jones Indices LLC, Feb. 7, 2022.

Exhibit 7: Current and Average Adjusted HHI

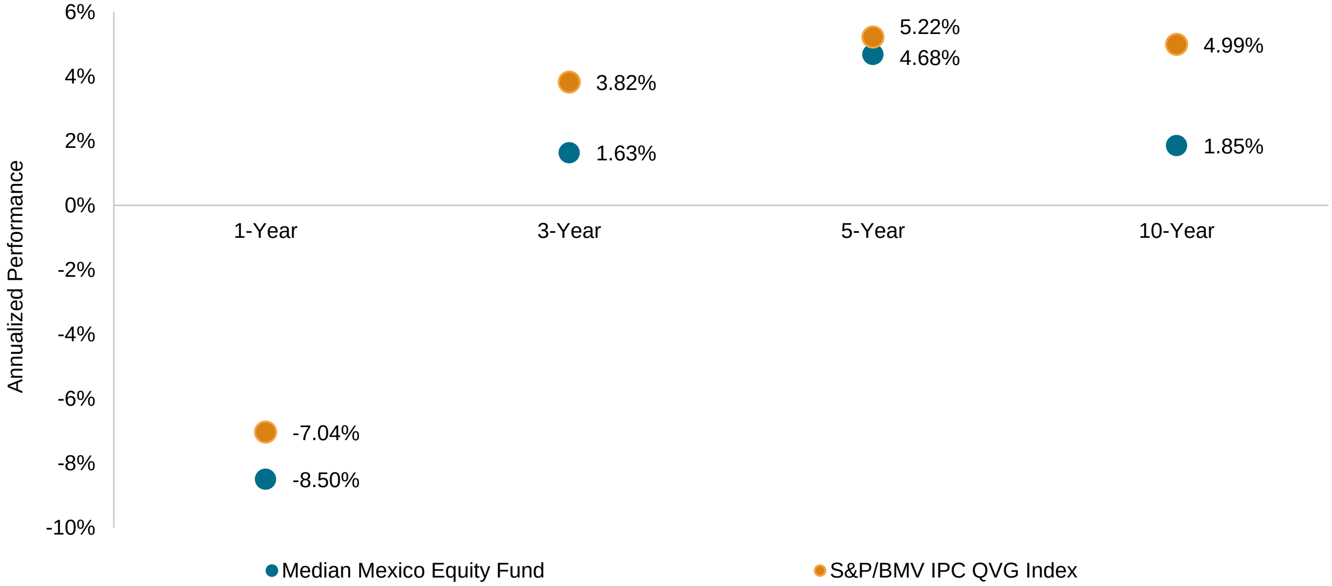


Source: S&P Dow Jones Indices LLC. Data from Sept. 28, 2012, to Aug. 29, 2025. The S&P/BMV IPC Quality, Value & Growth Index was launched on Aug. 2, 2017. All data prior to such date is back-tested hypothetical data. Index performance based on total return in MXN. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at end of this document for more information regarding the inherent limitations associated with back-tested performance.

The S&P/BMV IPC QVG Index versus Active

One hallmark of a successful factor-based strategy is the systematic selection of stocks that collectively outperform the benchmark. Although the S&P/BMV IPC QVG Index employs a rules-based methodology, comparing it to a universe of active funds can highlight the relative strength of a factor-based index. Exhibit 8 presents the annualized performance of the S&P/BMV IPC QVG Index relative to the median performance over various time periods of actively managed Mexico Equity Funds, as reported in our SPIVA® Latin America Scorecard. **The S&P/BMV IPC QVG Index has outperformed more than one-half of active funds over every time horizon.**

Exhibit 8: The S&P/BMV IPC QVG Index Outperformed More Than One-Half of Active Funds over Every Time Horizon



Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2014, to Dec. 31, 2024. The S&P/BMV IPC Quality, Value & Growth Index was launched on Aug. 2, 2017. All data prior to such date is back-tested hypothetical data. Index performance based on total return in MXN. 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 end of this document for more information regarding the inherent limitations associated with back-tested performance.

Conclusion

The S&P/BMV IPC Quality, Value & Growth Index is a multi-factor index that combines quality, value and growth factors in an effort to enhance overall performance. Historically, it has exceeded its benchmark while maintaining similar levels of volatility, showcasing resilience across various market conditions. By selecting and reweighting a diverse set of constituents across sectors, the index has mitigated concentration risk and increased emphasis on well-established drivers of market returns, contributing to its long-term outperformance.

Performance Disclosure/Back-Tested Data

The S&P/BMV IPC Quality, Value & Growth Index was launched on August 2, 2017. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance. The back-test calculations are based on the same methodology that was 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. Complete index methodology details are available at www.spglobal.com/spdji. Past performance of the Index is not an indication of future results. 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).

General Disclaimer

It is not possible to invest directly in an index. Exposure to an asset class represented by an index may be available through investable instruments based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P Dow Jones Indices makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. Index performance does not reflect trading costs, management fees or expenses. S&P Dow Jones Indices makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. S&P Dow Jones Indices is not an investment adviser, commodity trading advisor, commodity pool operator, broker dealer, fiduciary, promoter" (as defined in the Investment Company Act of 1940, as amended), "expert" as enumerated within 15 U.S.C. § 77k(a) or tax advisor. Inclusion of a security, commodity, crypto currency or other asset within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, commodity, crypto currency or other asset, nor is it considered to be investment advice or commodity trading advice.

These materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, research, valuations, model, software or other application or output therefrom) or any part thereof ("Content") may be modified, reverse-engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P Dow Jones Indices. The Content shall not be used for any unlawful or unauthorized purposes. S&P Dow Jones Indices and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Global keeps certain activities of its various divisions and business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions and business units of S&P Global may have information that is not available to other business units. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

The Global Industry Classification Standard (GICS®) was developed by and is the exclusive property and a trademark of S&P and MSCI. Neither MSCI, S&P nor any other party involved in making or compiling any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.