

Frequently Asked Questions

S&P Thematics Dashboard

Company Background

- 1. Who is S&P Dow Jones Indices (S&P DJI)?** S&P DJI is the largest global resource for essential index-based concepts, data and research, and it is home to iconic financial market indicators such as the [S&P 500®](#) and the [Dow Jones Industrial Average®](#). More assets are invested in products based on our indices than in products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes, helping to define the way investors measure and trade the markets.

S&P Thematics Dashboard

- 2. What is the S&P Thematics Dashboard?** The S&P Thematics Dashboard is a monthly snapshot of how key investment themes are performing. It highlights top performers and laggards across nearly 200 themes, giving a quick view of market and macro sentiment indicators that help explain the background of this performance.
- 3. How is the list of these 200 themes determined?** Theia Insights has developed a four-level Thematic Hierarchy—Sector, Industry, Sub-Industry and Major Themes—known as the Theia Insights Industry Classification (TIIC).¹ All themes displayed in this dashboard are drawn from the TIIC Major Themes category.

These Major Themes are identified using Theia's AI/NLP framework, which continuously scans company-related text sources, including filings, earnings reports and other disclosures. This process dynamically detects new and emerging themes while phasing out redundant or outdated ones, ensuring that the theme set remains relevant and up to date.

- 4. What is the purpose of the S&P Thematics Dashboard?** Thematics investing has grown rapidly in popularity among both retail and institutional investors. With themes ranging widely from mainstream areas like E-commerce and Construction Materials to disruptive innovations like Quantum Computing and Digital Transformation, understanding this space requires structure.

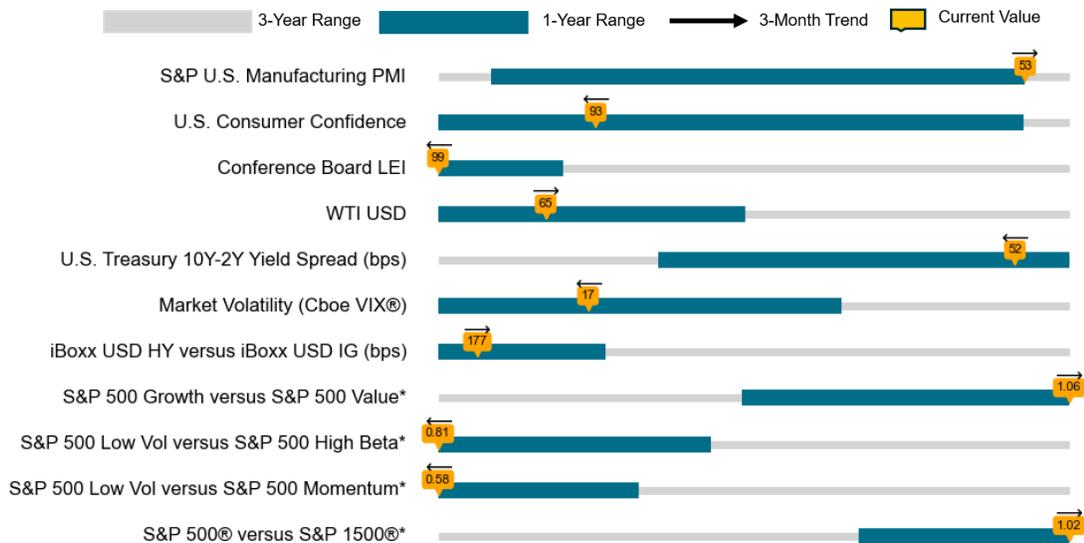
¹ See [Theia Insights Industry Classification \(TIIC\)](#) for more details.

The S&P Thematics Dashboard provides a clear, organized view of monthly performance, segmented by key features such as sector alignment and megatrend relevance. It helps market participants quickly track the areas they care about while also providing risk and macro sentiment context to better understand what’s driving a theme’s performance.

5. How do I interpret the different types of charts on the dashboard? The dashboard is divided into sections, each designed to highlight a distinct part of the overall picture.

- **U.S. Economic & Market Indicators:** This section provides an overview of key macro and market indicators that serve as proxies for overall risk appetite in the markets. The focus is primarily on U.S.-linked indicators, reflecting the significant influence of U.S. markets on global equities and macro fundamentals. For these indicators, the direction of the trend is often more important than the absolute value. The chart displays both the current value and the direction in which the metric is moving.

Exhibit 1: Economic and Market Indicators



Source: U.S. PMI: S&P MI; Consumer Confidence, LEI, WTI: FactSet; U.S. Treasury: FRED; and S&P Dow Jones Indices LLC. Data as of June 30, 2025. Index performance based on TR in USD. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

For example, consider the bar for the S&P U.S. Manufacturing PMI showing the June 2025 reading of 53. While the absolute number provides a snapshot and is important, the trend is also informative for assessing U.S. economic health. The current reading falls near the top of its three-year range (grey bar), sits at the highest level in its one-year range (blue bar) and has increased in value compared to its level three months ago (black arrow pointing right). Overall, this points to improving U.S. economic health, with strength in manufacturing, and provides support for themes tied to industrial production and economic cyclicalities.

Similarly, the price-based market sentiment indicator—measuring the ratio of the [S&P 500 Growth](#) to the [S&P 500 Value](#)—currently stands at 1.06, indicating that the S&P 500 Growth has outperformed the S&P 500 Value by a cumulative 6% over the past three years. This outperformance follows a broader three-year trend, with readings over the past year consistently near the upper end of the three-year range. The current value is at its highest value over the recent one-year period, and the positive three-month trend (arrow pointing right) suggests continued strength in growth-tilted companies. This indicator highlights persistent market leadership from growth-oriented companies, reinforced by both long-term and short-term trends. It reflects investor confidence in sectors with higher earnings potential and signals that market sentiment remains tilted toward innovation, technology and forward-looking themes.

- **U.S. Market and GICS® Sector Performance:** This section highlights GICS sector performance across the [S&P Composite 1500®](#), which includes liquid large-, mid- and small-cap stocks traded in the U.S. markets. In addition to monthly returns, it provides historical context by showing sector performance trends over the past few years.

Exhibit 2: U.S. Market & GICS Sector Performance

GICS Sectors	1-Month	YTD	12-Month	2024	2023	2022
S&P Composite 1500	5%	6%	14%	24%	25%	-18%
Information Technology	10%	8%	15%	36%	57%	-28%
Communication Services	7%	11%	23%	40%	54%	-40%
Energy	5%	0%	-4%	6%	-1%	64%
Industrials	4%	11%	21%	17%	20%	-6%
Financials	3%	8%	29%	30%	12%	-10%
Materials	3%	5%	2%	0%	14%	-11%
Consumer Discretionary	2%	-4%	16%	28%	41%	-36%
Health Care	2%	-2%	-6%	3%	2%	-3%
Real Estate	0%	2%	11%	5%	12%	-26%
Utilities	0%	9%	23%	24%	-8%	1%
Consumer Staples	-2%	6%	12%	15%	1%	-1%

Source: S&P Dow Jones Indices LLC. Data as of June 30, 2025. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 2 shows that more defensive sectors like Consumer Staples and Utilities have underperformed compared to growth-oriented areas like Information Technology and cyclicals such as Energy. This pattern is also visible in thematic performance, where Technology-linked themes like Data Centers and Semiconductors outpaced Utilities-linked themes like Energy Distribution and Consumer Staples-linked themes like Packaged Foods. Since themes often align with GICS sectors, tracking sector performance is key to understanding

whether a theme's returns are driven by broader sector trends or by theme-specific factors.

- **Global Indices Relative Performance:** Much of the data presented so far has focused on U.S. macro and market indicators. This is essential, given the U.S. accounts for roughly 27% of global GDP² and nearly 50% of global stock market capitalization.³ U.S. market sentiment plays a major role in shaping global market direction. However, in the broad thematics space—particularly themes linked to emerging technologies and innovation—we often see a tilt toward the small-cap segment and non-U.S. markets. To reflect these dynamics and provide a more complete picture of theme performance, this section introduces two additional charts focusing on the behavior of non-U.S. markets.
 - **U.S. Equities Performance Relative to Ex-U.S. Developed Market Equities Performance:** This indicator serves as a proxy for how developed markets outside the U.S. are performing. Many themes attract significant market participant interest in non-U.S. markets, so understanding these dynamics provides important context when evaluating theme performance, particularly for those with strong company-level weights in developed markets beyond the U.S.
 - **Emerging Markets Performance Relative to Developed Markets in Small-Cap Equities:** This indicator tracks how small-cap companies in emerging markets are performing relative to their developed markets counterparts. Given the natural tilt of emerging markets toward Financials and Materials sectors, this metric provides useful context for themes linked to middle-class consumption, urbanization and other structural growth trends often concentrated in the emerging market small-cap space.
- **Thematics across Megatrends:** Megatrends are long-term structural forces that are expected to shape the global economy for decades to come. While these trends are often intuitive, their connections to traditional GICS sectors aren't always obvious. For example, themes like Cancer Therapy and Genomics clearly align with the Health Care GICS sector, but Healthcare Software companies may be classified under the Information Technology GICS sector, even though they are affected by the Healthcare megatrend. Mapping themes to megatrends helps investors better understand these powerful, long-term drivers of performance.
- **Thematics across Regions:** Like GICS sectors and sub-industries, a theme's performance can vary significantly across regions due to differing market dynamics. To reflect this regional diversity, we show the top- and bottom-

² <https://www.imf.org/external/datamapper/NGDPD@WEO/EU/CHN/USA>

³ <https://www.visualcapitalist.com/124-trillion-global-stock-market-by-region/>

performing themes by region, highlighting how much local market performance can influence a theme's overall returns. For example, in June 2025, Defense Technologies performed strongly in Asia, while its performance in the U.S. remained relatively balanced.

- **Thematics across Sectors:** This section highlights the top- and bottom-performing themes associated with GICS sectors. While understanding sector-level performance is valuable, it is equally important to identify the specific themes driving those results. For instance, a significant share of the S&P 500's recent gains have been fueled by the Information Technology sector. However, drilling down further reveals that within this sector, themes such as Data Centers and Semiconductors were substantial positive contributors in June 2025, whereas Digital Transformation stocks have shown comparatively muted performance.
- **Thematics across Factors:** Assessing performance through the lens of style factors, as described in the Fama-French framework, offers valuable insight—and the same applies to thematic investing. Each theme's factor exposure score is calculated as the average of the factor exposures of its underlying stock constituents, based on an equal-weighted portfolio. A theme is deemed relevant to a particular factor if its exposure score ranks within the top or bottom quintile among scores for all 200 themes. Among these factor-relevant themes, the top and bottom performers are selected for further analysis. Certain themes naturally exhibit factor tilts based on the nature of the businesses they include. For example, Space Exploration, still a nascent but fast-growing area, tends to lean toward small-cap, growth-oriented companies with aggressive capital spending. In this case, macro conditions like lower interest rates can be supportive of the theme's performance. Conversely, a theme like Packaged Foods, dominated by large-cap, defensive companies, may behave differently, particularly in more risk-averse market environments.
- **Risk/Return Snapshot for Top-Performing Themes:** Identifying the top- and bottom-performing themes each month provides useful insights into market dynamics. However, understanding performance in isolation isn't enough—adding a risk perspective aids in assessing a theme's true value in a portfolio. This section presents two scatter plots that offer a risk/return snapshot of top-performing themes, using 12-month volatility and 12-month maximum drawdown as risk metrics. These charts help illustrate how attractive different themes appear when both return potential and risk are considered.
- **Other Segments:** The final three sections of the document showcase performance metrics for our flagship live indices, designed to reflect multiple key themes.

- 6. Do all the themes shown in the report have live S&P DJI-branded indices?** No. Performance metrics of most of the themes highlighted in this report (except for pages 9 and 10) are provided by Theia Insights. Theia constructs tracking portfolios for each theme to generate daily and monthly performance data. These are model portfolios designed to reflect theme performance but are not formal, live indices.
- 7. How are the baskets linked to each of the themes constructed?** For each theme, all companies meeting the following criteria are considered for inclusion: a minimum level of thematic exposure, a minimum market capitalization of USD 10 million, sufficient liquidity and an adequate trading history. The basket tracking each theme is constructed by selecting the 30 largest stocks based on a weight proxy that combines two distinct weighting schemes:
- **Thematic-Relevance Weighting:** This approach calculates the product of each stock’s market capitalization and its business weight in the target theme, as assessed by TIIC.
 - **Mutual Information Weighting:** This method estimates the mutual information between a stock and the target theme, based on the correlation of the stock’s residual return (after excluding market and common financial factors) with the pure return series of the theme.

The final composition includes the top 30 stocks, with their weights adjusted to sum to one. By combining these two weighting approaches, the methodology strikes a balance between the scale and relevance of large industry players and the high signal-to-noise benefits provided by markets-driven mutual information weighting.

- 8. Why is the S&P Thematics Dashboard relevant?** The dashboard is designed to serve a broad range of market participants operating within the thematics investing landscape.
- **Keeping Market Participants Informed on Theme Trends:** The dashboard offers regular updates on both popular themes and emerging themes, along with their relative performance. This can help investors, analysts and strategists identify opportunities and risks associated with these themes.
 - **Supporting Product Innovation:** Investment product providers can utilize the dashboard to identify gaps in their current offerings and better align with emerging themes and sub-themes tied to broader megatrends.
 - **Enhancing Thematic Understanding for Asset Managers:** Asset managers can use the dashboard to better understand how specific themes influence performance. The S&P Thematics Dashboard helps identify both intended and unintended thematic weights and supports more informed investment decisions by tracking the themes driving market and sector trends.

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