

TalkingPoints

Measuring Global Equity Beta with the S&P TIP Global AllCap Index



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1. What is the **S&P TIP Global AllCap Index** and why was it launched?

Global equity allocation is widely recognized as foundational to diversification. Yet for many ex-U.S. market participants, global equities have historically been accessed through the **S&P 500®**, which reflects the performance of U.S. large-cap equities, but it only represents a single country. For those seeking to broaden beyond U.S. equities, a natural step might be a global benchmark like the **S&P Global BMI**. However, the S&P Global BMI contains over 15,000 constituents, many of which are small, illiquid names that contribute minimal weight while adding operational complexity for product issuers. Meanwhile, in many markets across Asia and beyond, market participants seeking broad global equity exposure face limited local product availability. The demand for efficient, diversified global equity vehicles continues to grow, but the options remain concentrated in a handful of domiciles.

The S&P TIP Global AllCap Index was created as a streamlined representation of global equity markets that reflects 90% of the S&P Global BMI's float market capitalization (FMC) with just 2,282 constituents, while incorporating a structural country weight constraint that prevents any single country from dominating beyond a defined threshold.

2. How does the index methodology work and what makes it different from the **S&P Global BMI**?

The S&P TIP Global AllCap Index's starting universe is the S&P Global BMI, which is a broad global equity benchmark covering 15,404 constituents across 48 developed and emerging markets. It then applies two key filters.

First, a minimum FMC threshold of USD 1 billion is applied. This removes the smallest, least liquid names, reducing the constituent count from over 15,000 to approximately 2,282 while retaining 90% of total FMC. The result is a more focused index designed to reflect broadly similar market exposure.

Second, a systematic country weight constraint is used. Each country's weight is held within a defined band relative to its S&P Global BMI weight. The constraint adapts to country size: large markets like the U.S. can move within approximately 3% relative to their S&P Global BMI weight, while small markets are held within 0.5% in absolute terms. This enables proportional flexibility for large markets and tight absolute control for small markets. Within each country, stocks retain their relative FMC weighting, preserving the liquidity and capacity characteristics of traditional indexing.

The country weight constraint is applied as a symmetric band around each country's S&P Global BMI weight. The mechanism does not introduce a directional adjustment to any country's weight; it establishes upper and lower bounds within which the country's index weight can fluctuate. As an illustration, if the weight of the U.S. in the S&P Global BMI were to grow from today's 61% to 70% over the coming decade, the upper bound for its weight in the S&P TIP Global AllCap Index would be approximately 72.1%. The index rebalances quarterly, with the country weight constraint applied at each rebalance.

3. What are the key characteristics of the S&P TIP Global AllCap Index and its potential applications?

The first is the application of a USD 1 billion minimum FMC threshold. The S&P Global BMI's 15,404 constituents include thousands of small-cap names below this threshold. By applying the minimum FMC filter, the S&P TIP Global AllCap Index reduces the constituent count by approximately 85% while retaining 90% of the benchmark universe's FMC. The result is a more concentrated constituent set focused on the larger, more liquid segment of global equity markets, which has operational implications for index replication.

This mechanism, as described above, applies upper and lower bounds on each country's weight at each quarterly rebalance. For example, if the U.S. weight in the S&P Global BMI were to increase from today's 61% to 70%, the upper bound for the U.S. weight in the S&P TIP Global AllCap Index would be approximately 72.1%. The same approach is applied symmetrically across all 48 markets in the index. The third is the resulting concentration profile. The top 10 holdings in the index include globally recognized large-cap names such as Nvidia, Apple, Microsoft, Amazon and Alphabet, with a combined weight of 22.8%. This reflects the natural distribution that comes from holding 2,282 stocks across 48 countries within a market-cap-weighted framework, subject to the country constraint. Historical data shows that periods of extreme concentration in equity indices have, at various points, been followed by extended periods where more diversified approaches outperformed. For example, post-2000, the S&P 500 Equal Weight Index outperformed the cap-weighted S&P 500 by 11.8% annually for five years as dot-com era concentration unwound.

These characteristics may be relevant across several index applications. The 2,282-constituent count may facilitate replication, and the rules-based methodology offers transparency for product issuers and regulators. The index applies a consistent, rules-based framework with quarterly rebalancing, and historical annual deviations from the S&P Global BMI have typically been within 50 bps. The country weight constraint is defined by the methodology and can be referenced in factual terms for regulatory or governance purposes.

4. How has the S&P TIP Global AllCap Index performed relative to the broader benchmark?

Over longer measurement periods, the S&P TIP Global AllCap Index has tracked the S&P Global BMI closely, with similar volatility characteristics. Over the 10-year back-tested horizon, the index had an annualized gain of 12.50% versus the S&P Global BMI's 12.29%, a modest difference that may reflect the impact of the USD 1 billion FMC filter. At five years, the same pattern still held: 10.93% for the S&P TIP Global AllCap Index versus the S&P Global BMI's 10.76%. Volatility was comparable to the S&P Global BMI (14.48% versus 14.31% at 10 years).

Exhibit 1: Risk/Performance Comparison

Period	S&P Global BMI	S&P TIP Global AllCap Index
Annualized Performance (%)		
5-Year	10.76	10.93
10-Year	12.29	12.50
Annualized Volatility (%)		
5-Year	13.60	13.75
10-Year	14.31	14.48

Source: S&P Dow Jones Indices LLC. Data from Sept. 18, 2015, to May 28, 2026. The S&P TIP Global AllCap Index was launched on March 26, 2026. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

The back-tested calendar year performance shows that the S&P TIP Global AllCap Index tracked the S&P Global BMI closely, with annual differences that were sometimes positive and sometimes negative.¹

In summary, the S&P TIP Global AllCap Index has historically tracked the S&P Global BMI closely while applying a country weight constraint and a USD 1 billion minimum FMC threshold.

¹ Source: S&P Dow Jones Indices LLC. Data from Sept. 18, 2015, to May 28, 2026. The S&P TIP Global AllCap Index was launched on March 26, 2026. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Data reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

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The S&P TIP Global AllCap Index was launched March 23, 2026. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance, and is based on the index methodology 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. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Complete index methodology details are available at www.spglobal.com/spdji. 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.

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